Annual Report and **Consolidated Financial Statements** 2021/2022

EQL Pharma AB | Corporate ID No 556713-3425

EQL PHARMA

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The financial year 2021/2022 was yet another year of good growth for the core business and also included exceptional sales of Covid-19 tests. The Group's net sales during the financial year amounted to SEK 410 (179) million, an increase of 129 per cent. Adjusted for non-recurring sales (Covid-19 tests), net sales amounted to SEK 135 (96) million, an increase of 41 per cent.

We have thus successfully concluded the first year of the four-year plan (containing five measurable points), which will end in 2024/2025, and which has the target of achieving growth of at least 40 per cent per year on average. This growth does not include non-recurring sales, only the sales of products, mainly medicines, that have enduring potential. Our profitability target by the end of 2024/2025 is an EBIT of at least 25 per cent of net sales in the core area. The two most important components of our growth will be geographical expansion for our products paired with an increased number of new products.

During the year we carried out our two first out-licensings of Mellozzan (melatonin with a paediatric indication) to two of Europe's leading companies in medicines for children with ADHD. The deals are worth around SEK 7 million in upfront payments and regulatory milestones. However, the great potential lies in future royalties on sales, where the total out-licensed markets encompass a quarter of a billion people. Our royalty is in the region of 20 per cent on all sales in these licencing deals. As a comparison, it can be mentioned that sales in Sweden, with a population of 10 million, are more than SEK 200 million per year for a paediatric indication regarding melatonin. The originator product dominates in the Swedish market, but we see no reason why we cannot be the leading brand in the European markets. The key to this is finding the best partners for paediatric psychiatry in each of the European markets, something I think we have done. The first market introductions outside Sweden will be in Denmark and Norway, where marketing authorisations are already in place.

During the year EQL sold Covid-19 tests for home testing for around SEK 275 million. This was made possible because we were able to rapidly identify the need, negotiate to obtain the rights and translate the tests into Swedish. We were the first in Sweden to introduce CE-marked self-tests and also the first to introduce CE-marked tests that are wholly saliva-based on the Nordic market. Regarding the latter test, sold under the Alltest brand, EQL has exclusive rights in the Nordic market. Sales fell sharply in February and EQL therefore chose to revaluate the stock value of unsold tests to SEK 0 in the Q4 report. At this point there is considerable uncertainty about the volume and type of Covid-19 tests that will be purchased by consumers in the summer, autumn and winter of 2022.

It is worth mentioning in this CEO's report that following Russia's shocking invasion of Ukraine, EQL was the first Swedish pharmaceutical company to donate medicine to Ukraine. The donation consisted of Hevicain (bupivacaine), a medicine that is used for acute pain relief, mainly in surgical procedures.

In summing up the financial year 2021/2022 it can be said that it was an eventful year. We out-licensed Mellozzan, the product in our portfolio that currently has the greatest international potential, we launched the first hospital products, and we obtained

approvals for several key products. We are also proud of having supplied pharmacies and consumers with Sweden's first Covid-19 tests approved for home testing.

During the year we considerably increased the number of employees at the Company including new functions such as strategic sourcing, the appointment of an expert for GMP activities, new resources to handle procurements and additions within regulatory affairs and quality. The expansion on the personnel side is also necessary when the Company is growing rapidly and the recruitment during the year provides a strong foundation for continued growth.

In the autumn of 2021 I informed the board that I intend to stand down as CEO in connection with the AGM in August 2022. My plan is to remain the active principal owner of EQL for the foreseeable future and also work as a committed board member of the Company. As my successor, the board has appointed Axel Schörling, who is currently Vice CEO of the Company, we still have a very long and profitable growth journey ahead of us.

In conclusion, I would like to thank our employees and partners for the fantastic job they have done during the past year.

Christer Fåhraeus
CEO and board member
of EQL Pharma AB (publ)

Christer Fåhraeus, vd

Introduction to EQL Pharma

EQL Pharma, founded in 2006 by Christer Fåhraeus and Karin Wehlin, specialises in identifying, developing and selling generics, i.e. medicines that are medically equivalent to originator products.

The business in generics is currently entirely focused on prescription niche generics for inpatient and outpatient care, in which niche generics are defined by the Company as generics with little or no competition apart from the originator product, and this status is expected to continue for the foreseeable future. On 31 March 2022, EQL Pharma had 22 niche generics on the market and in addition there is a significant pipeline of other niche generics for future launch comprising 34 products. The Company focuses on niche generics. This focus area has been complemented by the parallel import of medicines since 2016 as well as medtech products and consumable articles for healthcare since 2020/2021. The last-mentioned area is not part of the Company's core business and long-term strategy, and is intended to be phased out gradually during the financial year 2021/2022.

Vision

EQL shall be a driving force for medical accessibility by offering tested therapies to new European markets and thereby contribute to equal and optional care.

Mission

EQL shall reduce healthcare costs in Europe by identifying, developing and offering top-quality niche generics for the benefit of both patients and society.

Business concept

EQL Pharma's business concept is to identify, develop and sell generics, i.e. medicines that are medically equivalent to originator products whose patent protection has expired. By supplying high-quality medicines at a low cost, the Company contributes to significant cost-savings for patients and healthcare, and thereby to better health.

Business model

EQL Pharma works actively on investigations and evaluations followed by development, purchase or in-licensing of products for the manufacturing and selling of new niche generics, for which the Company identifies markets with little or no competition apart from the originator product. At present, EQL Pharma works only on prescription niche generics.

Targets

The targets below constitute forward-looking statements. These forward-looking statements constitute no guarantees for the Company's future financial or operational outcomes, and, as a consequence of several factors, EQL Pharma's actual financial results may deviate considerably from what is stated or implied by these forward-looking statements.

Business objectives

- EQL Pharma's objective is to be a leading player in niche generics in the Nordic countries and within five to ten years be a leading European generics company.
- The Company's objective is strong, sustainable and profitable growth.
- The Company has an objective to continue investing in the development of its product portfolio.
- In the long term, the Company is to build up higher brand recognition regarding its generic preparations.

Financial targets for the five-year period 2020/2021 – 2024/2025

- to grow by at least 40 per cent per year on average, in which growth is expected to be spread unevenly over the five-year period.
- to achieve an EBIT margin that is to be more than 25 per cent by the end of the five-year period.

History and important events

2006 – 2010

- EQL Pharma is founded by Christer Fåhraeus and Karin Wehlin in 2006 on the basis that generics prices fell slowly in the Nordic market after a patent for an originator product expired.
- In 2008 the Company launches its first product, Venlafaxine EQL Pharma in Sweden.
- Metformin is launched in 2009. In the same year the first product is launched in Finland, Anastrozole, and the Company announces a profit for the first time. Several generics players start to provide Anastrozole and the price falls considerably faster. In a strategic change the Company therefore chooses to refocus the strategy on so-called niche generics.
- In 2010 EQL Pharma releases its first product in Denmark and several new development projects begin.

2011 – 2014

- The first of EQL Pharma's own developed products are sent to the regulatory authority in 2011 to be granted marketing authorisation.
- In 2013 the company launches its first niche generics, Doxycycline and Phenoxymethylpenicillin, in Sweden.
- The Company is listed on AktieTorget (now Spotlight Stock Market) in connection with a new share issue in 2013.
- Hydroxine is launched in 2014, a year when EQL Pharma's basic portfolio includes 15 products. The strategic change continues in that certain products are phased out as a result of increased competition and poor profitability.

2015 – 2018

- In 2015 Cadila Pharmaceuticals Ltd invests SEK 32.5 million in EQL Pharma and thereby becomes an important strategic international partner and an extensive collaboration for the development of new niche generics begins.
- In 2016 the position of Business Development Director is established, an important step signalling the start of robust expansion of EQL Pharma's portfolio of development products.
- EQL Pharma includes parallel import of medicines in its offering in Sweden.
- In late 2017 a three-year collaboration agreement is signed with a leading generics company regarding the medicine Potassium Chloride for sales in Denmark, Norway and Finland.
- Potassium Chloride, Eletriptan and Prednisolone are launched in 2018.

2019 –

- Sales of Methenamine Hippurate begin in the UK with a local partner in 2019. It is the first product developed by EQL Pharma to be sold outside the Nordic countries. Paracetamol, Magnesium Hydroxide, Clindamycin and Pregabalin are launched the same year.
- Metronidazole and Bupivacaine are launched in 2020.
- Work on expansion in Europe outside the Nordic countries is initiated in 2020.
- The Covid-19 pandemic results in EQL Pharma temporarily including medtech products and consumables for healthcare in its offering in Sweden.
- Mellozzan (melatonin), Folic Acid and Fenoximethylpenicillin oral solution are launched in 2021. In the same year EQL purchase licences for Prednisolone, Codeine, Methadone, Morphine and Furosemide in Denmark.
- Today, EQL Pharma is a profitable company with 22 marketed generics, excluding parallel imported medicines, and a pipeline of 34 upcoming generics.

Strategic considerations in generics

EQL Pharma develops and purchases or in-licenses generics for prescription sales to pharmacies and hospitals in Europe. The Company does not limit itself in the long term to specific therapy areas, product groups or geographical areas.

Focus on prescription niche generics

The Company's business in generics is focused exclusively on niche generics, which according to the Company's definition are generics with little or no competition apart from the originator product, and this status is expected to continue for the foreseeable future. The reason for the limited competition in addition to the originator product and the increased likelihood that greater downward pressure on prices can be avoided, is that these medicines often have a small turnover globally in monetary terms and the number of tablets, but a relatively large turnover in a specific country or region, which is why international generic companies have so far not shown an interest in these local/regional medicines.

The entry barriers for potential competitors in niche generics are, for the above-mentioned reasons, higher than for ordinary generics and, as these niche generics are often produced by EQL Pharma, no other player can sell them without developing and manufacturing the products themselves.

The Company's core expertise and strengths

In general, pharmaceutical companies in-license generic products from companies that have already developed them or begin a new development process for the product with a Contract Research Organisation (CRO) or Contract Development and Manufacturing Organisation (CDMO).

EQL Pharma focuses its work on well thought-out analysis and selection of products, efficient and professional development and marketing of generic medicines as well as operational excellence and high-quality standards. The Company works actively on investigation and evaluation followed by development and purchase or in-licensing of products for the production and sales of new niche generics. The Company identifies markets with little or no competition apart from the originator product or therapies with a new formulation aimed at a specific therapy need or patient group – all with an aim to identify therapies and/or markets in which the Company sees strong potential for profitable growth.

For in-licensing, EQL Pharma identifies an available product somewhere in the world that the Company acquires in the form of a licence for manufacturing and sales. The niche generics the Company is interested in are often not available to be purchased or in-licensed as fully developed products. The only alternative is to develop them ourselves.

The Company applies a retrospective approach, focusing on old patent expirations, and can therefore develop generics that have a stable and predictable demand and price. Many generic companies instead apply a forward-looking strategy in which they develop generics in relation to future patent expirations, something that gives rise to uncertainty and subjectivity about whether a patent or patent cluster will actually expire, as well as uncertainty about how many competitors are developing the same generic.

The challenge within niche generics is to find medicines where the originator product has been without patent protection for a long time, and where the Company deems there is little likelihood of competition, even after the approximately three to four years it takes for the Company to get approval

for the medicine from the Medical Products Agency and launch the product.

EQL Pharma develops or licenses niche generics based on their estimated return on invested capital. As a large number of projects have been identified, the generics selected are those deemed to provide the best return on invested capital while having a reasonable level of risk from competitive, regulatory and development perspectives. Costs incurred in development projects are capitalised continuously.

The Company has a strategy of continuing to invest in its product portfolio. This is capital-intensive, but sales revenues are expected to rise at the same or higher rate.

Efficient outsourcing

With an aim to have an efficient organisation and low costs, product development –encompassing clinical testing, research and extensive documentation – as well as production, warehousing and distribution are carried out through outsourcing to external parties in Lund and the rest of Europe and the world. The Company has decided not to invest in an extensive internal sales and marketing organisation. When goods are ordered, the products are delivered straight to distribution partners from contract manufacturers. This means that EQL Pharma does not need to stock products in its own warehouses, even though the responsibility for stock remains with EQL Pharma until the customer has purchased the goods.

Growth strategy via geographical expansion and new products

EQL Pharma sells niche generics primarily to pharmacies and since 2020 has also started to focus its sales efforts on hospitals. The geographical orientation for sales has been the Nordic countries. Several products in the Company's existing portfolio also have an existing market or potential in other European countries, which constitutes a significant basis for EQL Pharma's European expansion strategy as of 2021.

To enable expansion in Europe outside the Nordic countries, the Company is investing internal and external resources in understanding the markets' characteristics in order to select which products can be sold in which markets and to establish a marketing and sales strategy. In parallel with this, registrations are ongoing or being prepared in selected countries for the first wave of products that have clear European potential. These investments are expected to have a significant impact on the income statement in the financial years 2023/2024–2025/2026.

The Company's main growth strategy has two principal components, a geographical dimension in which new markets are added for existing products in the European market, and a product dimension, in which expansion is implemented via the Company's well-established Nordic approach for identifying and developing niche generics in our existing markets. Just as in the Nordic countries, there are a number of countries in Europe that have originator products with very little or no generic competition, even though patent protection expired a long time ago.

The Company deems that Europe, excluding the Nordic countries, will account for a significant part of the Company's growth from 2023/2024.

Growth in the pharmacy market

Today, the Company sells to pharmacies in Sweden, Denmark and Norway under its own brand and in Finland, Iceland and the UK via partners. During 2021/2022 agreements were also signed with partners for sales in France, Germany, Austria and Switzerland.

In markets where the price is the crucial factor, the Company intends to build on direct sales under its own brand. In markets where factors other than the price are crucial, EQL Pharma intends to build on indirect sales, for example through licensing of products to partners with local knowledge as well as via established sales organisations and relationships built up at the doctor and/or pharmacy level. The Company intends to establish itself in Germany under its own name. The other European markets are being assessed.

The lowest price principle applied in the pharmacy segment in the Nordic countries is spreading in the rest of Europe (see also under "The cost-efficient Nordic pricing model spreads in Europe" in the "Market Overview" section). The pricing systems in countries such as Germany, the Netherlands and the UK, where the Company launched its first product in 2019, are based on the lowest price principle, which creates potential for the EQL to apply its niche strategy for generics in its expansion in Europe.

EQL deems that the pharmacy market will continue to account for a significant part of the Company's growth during the period 2022/2023–2024/2025.

Growth in the hospital market

Countries often have different procurement systems for hospital and pharmacy products which, as in Finland, can lead to direct sales to the hospital market and indirect sales to the pharmacy market being preferable. The growth strategy in the hospital market may therefore differ from the strategy for the pharmacy market.

The hospital markets in Europe are often fragmented. The procurement of medicines for hospitals may be carried out by individual hospitals, via procurement groups regionally or via umbrella organisations. The specific procurement process affects the choice of sales strategy to a large extent. In certain cases, there is thus a need for a considerable sales force, whereas a very limited organisation may be sufficient in other cases.

EQL Pharma has sales in the hospital market under its own brand in Denmark and Finland, and intends to establish itself in the other Nordic markets and in Germany and the Netherlands under its own name. The other European markets are being assessed.

Sales of medicines to healthcare through procurement are expected to increase considerably in importance for the Company during the period 2022/2023–2024/2025.

The Company has also signed agreements to act as agent for two foreign generics companies to supply their products in the Nordic countries, mainly within the hospital segment.

Pricing strategy for niche generics

As EQL Pharma sells generics in an open competitive market, price and logistics play a major role in being able to achieve results.

EQL Pharma's aim is to use marginal price adjustments on its niche generics in comparison with the current price of the originator products, which the Company is competing with, to achieve a reasonable share of the total annual sales, among other things with the support of systems that promote penetration of generics such as public procurements and subsidy schemes similar to the Swedish Product of the Month system.

Even though the hope is that EQL Pharma will be the sole generic manufacturer competing with the originator product in question, the Company, for precautionary reasons, bases its calculations on at least one competitor establishing itself against an originator product. The assessment is that often even a market with three to four suppliers of an interchangeable product will provide possibilities for all players to achieve a market share with reasonable prices and contribution margin.

An originator product always has an advantage in the market through being well-established and a secure choice for the consumer. It is likely that certain consumers will continue to buy the originator product due to brand recognition and that there is only expected to be a modest price difference in EQL Pharma's favour during those periods when the Company has the most advantageous price. The Company has also taken this into account in its sales calculations.

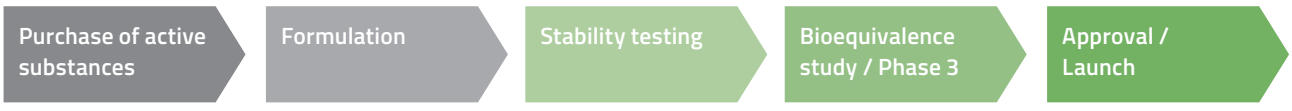
Niche generic product development and production

The Company's development process for generics is fast and cost-efficient.

The focus for the Company is to select medicines that can be registered for a bioequivalence study (or so-called biowaiver), i.e. a clinical study conducted on healthy volunteer test subjects to show that the active substance's concentration in the blood (plasma concentration) is equivalent to the originator product's, i.e. that the product is medically equivalent and of the same quality as the originator product. This saves both time and capital, and guarantees that the preparation is just as secure and effective.

EQL Pharma uses leading Contract Research Organisations (CROs) and major pharmaceutical companies in Europe, India and China in product development for clinical testing, research and extensive documentation. In connection with the start of the process, the new product's components are formulated and an agreement is entered into with a CRO or a pharmaceutical company, which during the preparation process is assisted by EQL Pharma in areas such as regulatory work and the compilation of documentation (dossier) for an application that will be submitted later in the process to the regulatory authority. After about two to three years the development and clinical studies are completed and the dossier is then submitted to the regulatory authority. After that, it generally takes about one year before a final statement and possible approval are obtained, after which sales can commence.

On the production side, the Company uses Contract Manufacturing Organisations (CMOs).



PERIOD FROM CONTRACT TO LAUNCH: 3 – 4 YEARS

Project portfolio and pipeline

EQL Pharma currently has 22 approved and marketed generic medicines in its portfolio. Most of these are sold in different strengths and pack sizes. The Company's product portfolio, i.e. the number of marketed products, at the end of the past three years, was as follows: 2021 – 22, 2020 – 22, 2019 – 15.

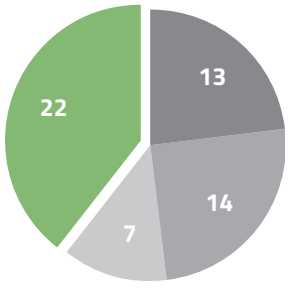
Pipeline of products

EQL Pharma's pipeline of new product development projects and in-licensings is subject to constant change and continuous development. Products from new in-licensings and product development projects are expected to be added continuously. However, certain products may be delayed or be removed completely as the evaluation process for products proceeds. The Company's current pipeline contains

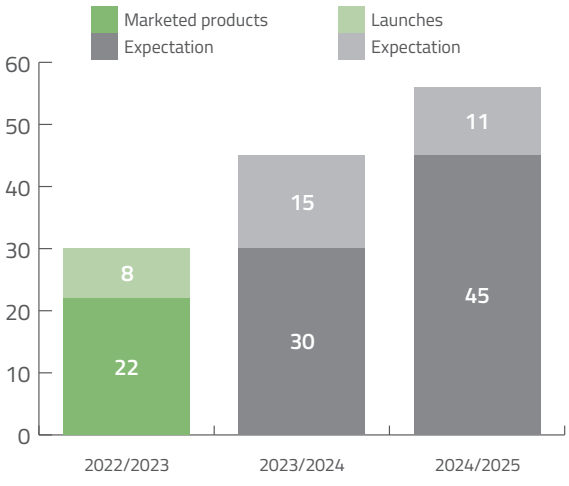
- 13 products in the development phase that are being developed with partners and for which the Company has signed licensing or distribution agreements for one or more markets without the Company having itself developed the product.
- 14 products under review at regulatory authorities.
- 7 products that are approved for launch and are in the so-called launch phase, in which the period from approval to launch of the product on the market as a rule takes six to twelve months. The launch phase includes orders for manufacturing and delivery, applications for subsidies and tender submissions for procurements, if these are appropriate.

Most of the Company's contracted products in the pipeline are expected to be launched in the coming five-year period.

Pipeline	Products
Development phase	13
Review phase	14
Launch phase	7
Total	**34**
Marketed products	22
TOTALT	**56**



Development portfolio



Regulatory conditions for the Company's partners

EQL Pharma's partners are mainly developers and manufacturers of medicines as well as logistics providers. As a pharmaceutical company active in Europe, EQL Pharma therefore has to comply with the EU GMP and GDP.

GMP stands for Good Manufacturing Practice and is a framework for how medicines are produced in safe and secure conditions and guarantees the content of the products. GDP stands for Good Distribution Practice and sets up guidelines for the safe distribution of medicines. It regulates, for example, temperature control and what types of goods are allowed to be transported together. Overall, EU GMP and GDP aim to guarantee the products' content and integrity throughout the value chain.

In addition to these regulations, the pharmaceutical industry has also had to comply with the Falsified Medicines Directive (FMD) since 2019. FMD is a regulation that aims to prevent falsified medicines from getting into the legal supply chain. This is achieved through each individual pack being allocated its own identity through a so-called 2D code, which is physically on the pack and also digital in a central EU database. When the pack is dispensed at the pharmacy, the pharmacist scans the code to check that the pack is in the database and thus legitimate.

Important permits and certificates

In order to conduct the trade, import and export of medicines, EQL Pharma holds wholesale permits, production permits, narcotics permits and Good Manufacturing Practice (GMP) and Good Distribution Practice (GDP) certificates.

These permits have been obtained by the Company being able to demonstrate appropriate processes and procedures to the Swedish Medical Products Agency. A narcotics permit is a specific permit for conducting trade in narcotic preparations of a given classification, as the regulations are somewhat stricter than for non-narcotic preparations.

The permits are continuously maintained and renewed. The Medical Products Agency carries out regular inspections of EQL Pharma, which has an obligation to fulfil the Medical Products Agency's requirements in order not to risk the withdrawal of its permit or receive reprimands on how the operations are run. Ensuring a high standard and integrity in operations and thereby securing smooth lifecycle management of permits is in the Company's DNA and has the highest conceivable priority on its agenda.

As a part of ensuring high quality and integrity in operations, EQL Pharma in turn carries out its own regular inspections of manufacturers and suppliers. In this, all parts of their operations are reviewed in detail and the Company looks at everything from manufacturing processes to warehousing, environmental impact and local working conditions.

In addition, the Company carries out an annual analysis of all its products from a manufacturing perspective in which information on all produced batches and the release of these to EU markets is reviewed in detail.

Sales and marketing models in niche generics

EQL Pharma's niche generics can be roughly divided up into three parts based on three sales and marketing models. These are Retail/Pharmacy, Hospital and Branded.

Retail/Pharmacy

Products within Retail/Pharmacy are sold via so-called substitution systems. In Sweden, Denmark, Finland and Norway, legislation and ordinances are in place with an aim to keep down medicine prices for society according to the price-based model in so-called substitution systems (e.g. the Product of the Month system in Sweden), which are employed in the Nordic countries and focus on the procurement of the active substance in question, correctly formulated for a price that is as low as possible. As a rule, originator products remain on the market in Sweden, Denmark, Finland and Norway even after generic competition has arisen, but a cheaper alternative is usually prescribed to the patient unless special circumstances exist. The assessment is that the non-Nordic European countries will move towards the Nordic system based on the lowest-price principle.

In many cases there are several generics for the same originator product on the market. The procedure to determine which generic is to substitute for the original begins with each company that wants to participate and compete sending in a price proposal for a fixed period to a pricing authority, which chooses the medicine with the lowest price and sends out information on the selected product to the pharmacies. This applies to Sweden, Denmark and Finland. In Norway the procedure is somewhat different in that marketing and price proposals are channelled directly to the pharmacy chains instead.

On those occasions when EQL Pharma's products are selected, the information is also sent directly to the Company's distribution partners, such as Oriola, Tamro, Tjellesen Max Jenne and Nomeco, which in turn ensure that the products rapidly reach all pharmacies.

The advantages within Retail are rapid market penetration and no requirement for sales or marketing resources. With the right price and available stock, the products are sold automatically and without delay.

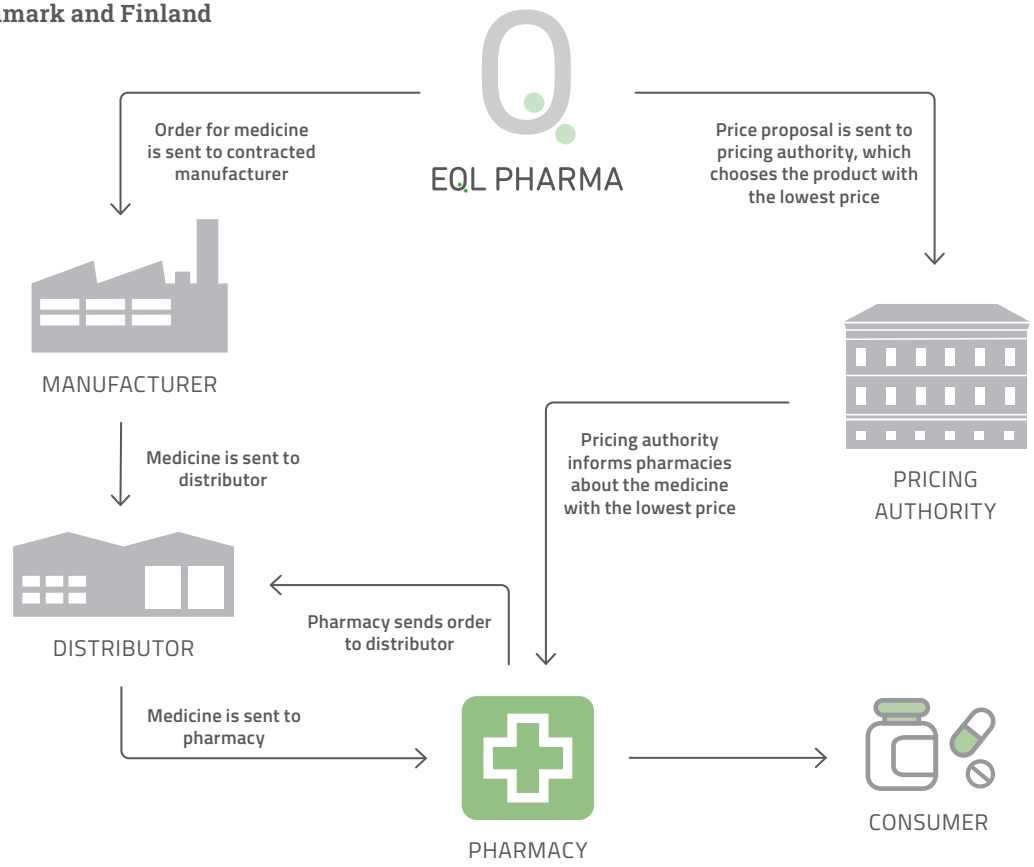
The disadvantage within Retail is, of course, that what is easily won is just as easily lost if a competitor can offer a lower price. This makes stock planning and market knowledge key assets within EQL Pharma in order to find the right balance between opportunities and risks when prices change on a yearly, quarterly, monthly or weekly basis.

Hospital

Products within Hospital are sold via so-called procurement systems, usually governed by a set of weighted criteria among which price always weighs heaviest even though requirements in areas such as environmental impact and user-friendliness (for healthcare) have acquired an increasing importance. Hospital is characterised by medicines that are only handled by healthcare staff, such as injection or infusion products.

Procurements, which can cover everything from individual hospitals to an entire country's needs, can vary widely regarding duration, exclusivity and requirement specification. Navigating correctly within this spectrum is a priority for EQL Pharma's efforts within Hospital. Procuring organisations include the Västra Götaland region, Amgros, Region TYKS and Sykehusinnkjöp. The Company uses

Sales model in Sweden, Denmark and Finland



Oriola, Tamro, Alliance Healthcare and Nomeco as distributors for hospital products.

In many European countries it is possible to sell independently to procurement units for individual hospitals or groups of hospitals even for a company such as EQL Pharma, which has decided not to invest in an extensive sales and marketing organisation. The market for hospital medicines in the Nordic region is, however, governed by public procurement with considerable similarities between the countries. Public procurement involves no negotiations and is characterised by transparency and a clear structure, something that is often absent from negotiations with individual hospitals or groups of hospitals without central public procurement.

The advantages and disadvantages are similar to those for Retail, with the major difference that procurements usually run over one or more years.

Branded

Niche generics within Branded are actively marketed by EQL Pharma or by partners appointed by EQL Pharma. Products in this segment usually have unique properties that distinguish them from other similar products, which means that substitution or procurement are not possible or particularly appropriate for the product. The medicines are sold via a direct prescription written by a prescriber, usually a doctor but also certain categories of nurses or dentists.

The advantage of the Branded segment is more secure, more predictable sales and return once the brand has become established and found its target group of prescribers and patients.

The disadvantage is that it usually takes time and resources to reach the target group of prescribers and become established.

Competitors

In EQL Pharma's current markets there are generally some 20 active players, and the Company has directly competing products with a handful of them. The most important of these at present are Viatris (previously Mylan/Meda), Orifarm Generics, Evolan Pharma and AGB Pharma. As EQL Pharma launches more products in new markets, the competitive picture will change to include additional important competitors.

Other operations

Parallel import

EQL Pharma has been established in the parallel import of medicines in Sweden since 2016. The prices of prescription medicines vary considerably between the EU's member countries, which is why the Company imports approved prescription medicines from countries within the EU where prices are lower than in Sweden.

In a parallel import a company buys an approved prescription medicine in an EU country where it is sold at a lower price, for example in Portugal, and then imports and repackages it for sale at a higher price in another EU country, for example in Sweden. It concerns exactly the same medicine, produced in the same factory according to the same quality standard. The only thing that is different is the pack and patient information leaflet, which is adapted to the respective country, and this necessitates repackaging after the parallel import before the medicine can be sold.

As a result of competition the margins on parallel imports are limited. Profits on parallel imports are generally divided between the importer and the pharmacy chain that sells the parallel imported medicine, whereas the price for the consumer remains unchanged in relation to the original medicine. Certainly, increased competition via parallel imports also benefits medicine consumers, as parallel imports act as a check on prices for other competing medicines on the market.

Medtech products and consumables

During 2020 the Company added a product line in the wake of the Covid-19 pandemic comprising medtech products and consumables of limited complexity for healthcare, such as protective clothing and syringes, which were mainly purchased by regions, county councils and municipalities via public procurement in Sweden and Denmark. For many years, EQL Pharma has worked closely with leading Chinese life science companies and has a staff member who is a Chinese citizen. This has enabled the acquisition of rights to medical protective equipment. The Company's solid supplier network constitutes an important basis.
In 2021 the portfolio was expanded to also include Covid-19 antigen self-tests, including the first test based on saliva rather than the more invasive "nasal cavity swab" test, which until then had been the only one available. EQL will continue to supply test kits at least until the end of 2022/2023.

Board of directors and auditor

Anders Månsson
Born 1967, board member since 2018 and chairman since 2020.
Education: BSc and MBA Business Administration.
Other ongoing roles: CEO and board member of RhoVac AB, board member of Amniotics AB and in Immetric Invest.
Previous roles (past five years): Vice CEO of RhoVac AB, CEO of Amniotics AB, chairman of CanImGuide Therapeutics AB and board member of Respiratorius AB.
Shareholding in the Company: 10 000 shares.

Per Ollermark
Born 1960, board member since 2021.
Education: BSc.
Other ongoing roles: Senior consultant and CEO of own consulting firm Turn the Key AB in interim positions as CFO, project manager or senior adviser in Sweden, Denmark and Germany.
Previous roles (past five years): roles at companies including Vapiano, Pricerunner, Mentimeter, Stillfront, Polarium, Nordic Waterproofing, Karnov, Elcowire and Nordic Flanges.
Shareholding in the Company: None.

Christer Fåhraeus
Born 1965, founder, CEO and board member since 2006.
Education: BA, MSc Biotechnology (UCSD), PhD hc.
Other ongoing roles: Chairman of Bionamic AB and board member of CellaVision AB, FlatFrog Laboratories AB, GASPOROX AB and Melius Pharma AB.
Previous roles: (past five years): CEO of CellaVision AB, Anoto Group AB, FlatFrog Laboratories and Agellis Group AB and chairman of FlatFrog Laboratories AB and board member of LU Holding AB.
Shareholding in the Company: 8 860 271 shares.

Per Svangren
Born 1973, board member since 2021.
Education: MSc, Certified Pharmacist, Uppsala University
Other ongoing roles: None.
Previous roles: (past five years): Board member of Barsebäck Golf & Country Club.
Shareholding in the Company: 10 480 shares.

Rajiv I. Modi
Born 1960, board member since 2015.
Education: MSc Biochemical Engineering, University College London, and PhD Biological Science, University of Michigan, Ann Arbor.
Other ongoing roles: CEO and chairman of Cadila Pharmaceuticals and chairman of the Indian Institute of Technology, Guwahati, India.
Previous roles: (past five years): Chairman of the CII National Committee on Pharma and the CII Gujarat State Council.
Shareholding in the Company: 8 718 500 shares.

Linda Neckmar
Linda Neckmar, born 1973, board member since 2020.
Education: MSc Chemical Engineering, LTH, Lund University.
Other ongoing roles: Executive with global responsibility for the business area Human Health at Chr Hansen AS and board member of Veg of Lund AB.
Previous roles (past five years): Responsible for global sales and marketing at Probi Food AB and board member of Phase Holographic Imaging AB.
Shareholding in the Company: 2 500 shares.

Auditor
The Company's auditor is Crowe Osborne AB, which at the 2021 AGM was re-elected for the period up to the end of the 2022 AGM. Olov Strömberg (born 1955) has been the Company's principal auditor since 2008. Olov Strömberg is an authorised public accountant and member of FAR (the trade organisation for authorised public accountants). Crowe Osborne AB and Olov Strömberg have been the auditor for the entire period covered by the historical financial information in the Prospectus. Crowe Osborne's office address is Drottninggatan 89, 111 83 Stockholm.


Anders Månsson


Per Ollermark


Christer Fåhraeus


Per Svangren


Rajiv I Modi


Linda Neckmar

Executive team

Christer Fåhraeus
Christer Fåhraeus, founder and CEO since 2006.
See the Board of directors section for more details.

Axel Schörling
Born 1986, Vice CEO since 2020 and COO since 2018.
Education: MSc Engineering Physics, Chalmers and MSc Financial Economics, Gothenburg School of Business, Economics and Law.
Other ongoing roles: None.
Previous roles (past five years): Director of Perstorp's Business Controlling team and management consultant at BearingPoint.
Shareholding in the Company: 49 113 shares and 650 000 call options.

Anna Jönsson
Born 1984, CFO since 2021.
Education: IHM Business School.
Other ongoing roles: None.
Previous roles (past five years): Office manager in Lund at Resursgruppen Ekonomi & Revision AB.
Shareholding in the Company: 13 729 shares.

Alexander Brising
Born 1970, Business Development Director since 2016.
Education: MSc Business Administration, Management & Operations, Gothenburg School of Business, Economics and Law.
Other ongoing roles: Board member of the Association of Generic Pharmaceutical and Biosimilars in Sweden AB and Baabs AB.
Previous roles (past five years): Commercial Head Sweden at Sandoz Nordic Headquarters in Copenhagen.
Shareholding in the Company: 356 543 shares.

Cornelia Lindström
Born 1986, Regulatory Affairs, Quality Assurance and PV Director since 2021.
Education: MSc Pharm, Certified Pharmacist, Uppsala University.
Other ongoing roles: None.
Previous roles (past five years): Head of Regulatory Affairs and Pharmacovigilance at Bayer Animal Health in Copenhagen.
Shareholding in the Company: None.

Martin Kristoffersson
Martin Kristoffersson, born 1978, Strategic Sourcing Director since 2021.
Education: MSc Business Administration, Linköping University.
Other ongoing roles: None.
Previous roles (past five years): Sourcing Director at Biogaia AB in Lund, CMO and Medical Devices Procurement at Leo Pharma in Copenhagen.
Shareholding in the Company: 12 500 shares and 46 000 call options.

Directors' Report

Directors' Report

The Board of Directors and CEO of EQL Pharma AB (publ), corporate identification number 556713-3425 with registered offices in Lund, hereby submit the annual accounts for operations in the Group and parent company for the financial year 1 April 2021 to 31 March 2022.

Operations and structure

EQL Pharma AB specialises in developing and selling generics, i.e. medicines that are medically identical to the originator product. On 31 March 2022 the company has 22 niche generics (generics with little or no competition apart from the originator product) marketed. Moreover, there is a substantial pipeline of additional niche generics for launch in 2022 and beyond. At present, operations are entirely focused on prescription medicines, including hospital products, in the Nordic region and selected European markets. With operations based in Lund, the Company has 13 employees and is listed on Spotlight Next Stock Market. EQL Pharma is running an extensive development programme in collaboration with leading contract manufacturers and large pharmaceutical companies based in areas such as the EU and Asia.

Market

EQL Pharma currently operates under its own brand in Sweden, Denmark, Norway and Finland. In the rest of Europe EQL Pharma's products are sold indirectly via partners.

Significant events during the financial year

- On 16 April the schedule for the planned list change from Spotlight Stock Market till Nasdaq Stockholm's main list was revised to be carried out later instead of in the first quarter of the financial year 2021/22 as previously communicated.
- On 21 June it was decided to postpone the announced change from Spotlight Next to Nasdaq Stockholm's main list. The exact date has not been set, but it is likely that it will not take place within the next 18 months.
- On 10 November EQL Pharma announced that the company will change CEO during 2022. Christer Fåhraeus, founder and CEO, has announced to the board that he wishes to move on to a role solely as a board member after the next AGM of the company, scheduled for 17 August 2022. The Board has agreed with Axel Schörling, Vice CEO, that he will take over the CEO position at EQL Pharma AB starting after the next AGM.
- On 21 December it was announced that EQL Pharma had received an SEK 23 million order for Covid-19 antigen self-tests.
- On 13 January EQL Pharma made a preliminary announcement of a very strong outcome for the third quarter and reported a continuing strong increase in order intake.
- On 22 March EQL Pharma announced that it was to out-license Mellozzan to a leading European company in ADHD.

Launches and deregistrations

During the financial year EQL Pharma launched Phenoxymethylpenicillin EQL Pharma granulate for oral solution in Sweden and Denmark. We have chosen to deregister Glucosparc (metformin) prolonged release tablets as it was not subsidised to a price level where it was profitable for us to launch, and without state subsidy (pharmaceutical benefits/high-cost protection), it is virtually impossible to sell an outpatient healthcare medicine in Sweden.

Approvals and acquisitions

EQL Pharma has been granted approvals for five medicines for launch in the Nordic region. These are: Ketorolac injection, Ondansetron tablets, Colecalciferol tablets, Loperamide tablets and Latanoprost eye drops.

Significant events after the end of the financial year

- The worsened geopolitical situation is currently assessed as having a limited impact on operations.
- On 11 May it was announced that EQL Pharma is to out-license Mellozzan to a leading French company in ADHD.

Significant risks and uncertainty factors

Risks and uncertainty factors

A number of risk factors may have a negative effect on the operations of EQL Pharma. It is therefore very important to take account of relevant risks alongside the Company's growth possibilities. Below is a description of risk factors, in no particular order. The list is not exhaustive.

Development risks

EQL Pharma develops its own niche generics via partners. This development process takes a long time, and delays as well as increased costs for the development and approval process cannot be ruled out. In the event of delays, the Company may be affected by delayed sales revenue together with an increased risk of competition from other generics companies, which could have a considerable negative impact on the Company's operations, earnings and financial position.

Market growth

An establishment in new countries and regions may entail problems and risks that are difficult to predict. Furthermore, establishments may be delayed and thereby entail a shortfall in revenue. EQL Pharma is in a growth phase, which may entail that the Company carries out acquisitions of

other companies. Synergy effects that fail to materialise and less than optimal integration work may have a negative impact on the Company's operations, earnings and financial position. Furthermore, rapid growth may entail problems on the organisational level. It may also be hard to recruit the right staff and difficulties may arise regarding the successful integration of new staff into the organisation. An expansion and offensive market initiatives would also mean increased costs for the Company. If any of these circumstances were to arise, there may be a negative impact on the Company's operations, earnings and financial position.

Competition
Extensive investment and product development by a competitor may entail risks in the form of reduced sales and profitability. Increased competition may cause negative sales and earnings effects for the Company in the future.

Political risk
EQL Pharma is active in and through a number of different countries. These countries have specific laws and ordinances that are applied regarding the sale of generics, for example. Risks may arise due to changes in these laws and ordinances, which may have a considerable negative impact on the Company's operations, earnings and financial position.

Regulatory authority approvals
EQL Pharma is dependent on the Company's products undergoing studies to demonstrate the new generic's bioequivalence with the original medicine. There is a risk that the outcome of these studies is not to the Company's advantage. In these cases, additional studies may be necessary to obtain the relevant approval. There is also a risk that the implementation of the studies is not in line with what was planned, which may affect their outcome. Such outcomes may delay sales and development as well as increase the costs of a new product, which may have a considerable negative impact on the Company's operations, earnings and financial position.

The Company's success in certain markets is reliant on national insurance systems (private or public) approving EQL Pharma's products for reimbursement in the national insurance systems. EQL Pharma works for the products to be incorporated in the markets in question, but there is a risk that the Company's generics will not fulfil or be able to maintain the requirements set for receiving reimbursement from national insurance systems in the markets where the Company is active. Furthermore, there is a risk that sufficiently advantageous reimbursement from these national insurance systems will not be received and that the systems will not pay out such reimbursement within a certain timeframe. If in certain markets no reimbursement is forthcoming from the insurance systems and no clinical acceptance is obtained for the medicine, this will lead to a negative effect on the Company's future sales growth, which could have a considerable negative impact on the Company's operations, earnings and financial position.

Partners
EQL Pharma has, and will continue to have, collaborations with a number of partners. It cannot be ruled out that one or several of these may choose to discontinue their collaboration with the Company, which could have a negative effect on the Company's operations in the form of delays and the possibility of limited or lost revenues. Also, it cannot be guaranteed that EQL Pharma's partners completely fulfil the quality requirements set by the Company. It may also be the case that an establishment with new partners becomes more expensive and/or takes longer than the Company estimated. The lack of relevant collaboration agreements or partners that fail in their work may therefore have a considerable negative impact on the Company's operations, earnings and financial position.

Financial risks
EQL Pharma is exposed through its operations to a number of different financial risks including credit risk and market risks such as currency risk, interest rate risk and liquidity risk. The Group's management and board work actively to minimise these risks.

Credit risk
Credit risk is defined as the risk that the Group's counterparties cannot fulfil their financial obligations to the Group. The Group's largest credit risk is trade receivables. Historically, the Group has had very few customer losses and the finance department focuses strongly on collection of due trade receivables. The Group has also established guidelines to ensure that the sale of products and services is to customers with a suitable credit background.

Currency risk
The strong currency fluctuations of recent years is one of the risks that the Group has to manage. The Group's currency policy excludes hedging. The Group currently has sales in SEK, USD, DKK, GBP, NOK and EUR and costs in the same currencies, which in itself partly balances the currency risk.

Liquidity risk
The company is reliant on the continuous development of new generics. Delays in market breakthroughs for one or several products may mean a decline in earnings for the Company. There is therefore a risk that the Company may need to obtain additional capital in the future. There is a risk that any additional capital cannot be obtained on favourable terms or that such raised capital is not sufficient to finance the Company's development, or that such capital cannot be acquired at all, which may have a considerable negative impact on the Company's operations, earnings and financial position. For further information about the Company's financial risks see note K4 Financial risks.

Key persons
EQL Pharma's key persons possess considerable expertise and long experience of the Company's area of operations. The loss of one or several key persons may as a result entail negative consequences for EQL Pharma's business and there is a risk that qualified staff cannot be recruited if that need should arise. Neither is it possible to completely protect against former employees spreading information to other players, which entails a risk that competitors find out about, and can utilise, the know-how that is developed by EQL Pharma. If the Company was to lose key persons, fail in recruiting qualified staff, or former employees were to spread information about the Company to other players, this could have a considerable negative impact on the Company's operations, earnings and financial position.

Operational risk
Operational risk is defined as the risk that losses are caused due to deficient procedures and/or irregularities. Good internal controls, an appropriate administrative system, professional development and access to reliable evaluation and risk models are a good basis for guaranteeing operational security. The employees' knowledge, experience and commitment are important for EQL Pharma's future development. EQL Pharma could be negatively affected if several of the Group's employees left EQL Pharma at the same time, or in the case of deficiencies arising in the Group's operational security.

Disputes
Legal disputes entail risks of losing cases as well as the cost of legal representation and, in the case of arbitration proceedings, an arbitration tribunal. There is always a risk that disputes arise concerning agreements or that disputes that arise cannot be solved in an advantageous way for the Group. Legal proceedings may therefore have a considerable negative impact on EQL Pharma's operations, earnings and financial position.

Changes in legislation
New laws or regulations, or changes in the application of existing laws, may affect the Group's business negatively. At present, no such changes are known.

Financial targets
EQL Pharma's financial targets are expectations regarding growth and profitability. These targets are based on a number of assumptions, which by their very nature are subject to significant business, operational, economic and other risks, of which many are beyond the Company's control. The Company has based the targets on detailed assumptions that the executive team and board have used as a basis when they decided the targets, but there is a risk that in the future these assumptions will not reflect the commercial, regulatory and economic environment in which the Company operates. Consequently, the assumptions may change or not materialise at all. In addition, unexpected events may entail a negative effect on the actual results that the Company achieves in the future, regardless of whether the assumptions prove to be correct or not. Therefore, the Company's actual results may deviate from these targets and investors should not attach an unreasonable significance to them.

The Company's share
The Company's share has been listed on Spotlight Stock Market since 17 December 2013. The share capital amounts to SEK 1 307 862.45 and consists of 29 063 610 (29 063 610) shares with a quotient value of SEK 0.05 per share. Each share gives entitlement to one vote.

Shareholders
The number of shareholders totalled around 969 at the start of the financial year and around 964 at the close of the financial year.

Five-year overview

The annual accounts are prepared in SEK thousands (SEK K)	2021/2022	2020/2021	2019/2020	2018/2019	2017/2018
Earnings					
Net sales	409 753	179 141	72 029	49 755	33 905
Sales growth, %	129	149	45	47	20
Gross profit	95 734	51 006	32 892	21 552	17 575
Gross margin, %	23	28	46	45	51
Profit after financial items	35 965	10 422	2 689	-1 533	-600
Profit or loss for the year	31 548	10 367	2 672	-1 533	-600
Financial position					
Equity/assets ratio, %	52	45	65	77	85
Total cash flow	14 620	16 269	-11 382	12 821	-18 308
Return on equity, %	29	12	3	neg.	neg.

Dividend policy
The Board of Directors does not intend to propose a dividend until the company is generating healthy cash flows that cannot be put to better use through reinvestment in the business. EQL Pharma has not issued a dividend since the company was founded in 2006.

The year in figures

Net sales
The Group's turnover during the period April to March was SEK 409.8 (179.1) million. Adjusted for non-recurring sales, turnover amounted to SEK 135.4 (95.8) million, an increase of 41.2%.

Gross and operating profit
The gross profit for the period was SEK 95.7 (51.0) million, which corresponds to a gross margin of 23.4 (28.5) per cent. The operating profit for the period was SEK 38.8 (11.5) million, providing an operating margin of 9.5 (6.4) per cent. The operating profit for the year was charged with a revaluation of inventories. The profit, before revaluation of inventories, was SEK 29.9 million and after revaluation of the stock of Covid tests, SEK 11.9 (-5.9) million.

Net financial income/expense
The net financial income/expense for the year was SEK -2.8 (-1.1) million. The change in financial net income/expense is attributable to financing for the purchasing of Covid tests.

Profit for the year
The profit for the year before tax was SEK 36.0 (10.4) million. Tax for the year was SEK -4.4 (-0.1) million.

The profit for the year provides earnings per share of SEK 1.09 (-0.36).

Cash flow for the year
The cash flow from operating activities was SEK 41.8 (60.5) million. The cash flow from investing activities was SEK -22.1 (-55.6) million. The cash flow from financing activities was SEK -5.1 (11.8) million.

Financial position as at 31 March 2022
Liquid funds at the end of the period amounted to SEK 41.2 (26.6) million. As at 31 March 2022 unutilised pledged invoice credit amounted to SEK 20.0 (0) million. Available pledged invoice and inventory limits amounted to SEK 80 (80) million.

Staff
The number of full-time employees in the Group is 13 (10) of whom 7 (6) are women. In addition to the permanent staff there are also employed consultants with expertise in GMP (Good Manufacturing Practice), pharmacovigilance (side-effect monitoring) as well as wholesale activities linked to the parent company.

Appropriation of earnings

Proposed appropriation of company profit/loss

At the disposal of the AGM are the following earnings in the parent company (all amounts in SEK).

Retained earnings	79 106 509
Profit for the year	16 004 985
Total	**95 111 494**

The Board of Directors proposes that	
the following amount be carried forward	95 111 494
	95 111 494

Retained earnings are offset against non-restricted equity.

The Company's earnings for the financial year and financial position as at 31 March 2022 are detailed in the attached financial statements with accompanying notes, which comprise an integral part of these annual accounts.

EQL Pharma AB, Corporate ID No 556713-3425

Financial reporting

Statement of comprehensive income

Consolidated income statement

SEK K	Note	2021-04-01 2022-03-31	2020-04-01 2021-12-31
Net sales	K5	409 753	179 141
Expenses for sold goods		-314 019	-128 135
Gross profit		**95 734**	**51 006**
Sales expenses	K6, K7	-37 275	-19 312
Administration expenses	K6, K7, K8, K9	-10 884	-8 986
Research and development expenses	K8, K9	-9 131	-11 700
Other operating income	K10	395	514
Operating profit (EBIT)		**38 839**	**11 522**
Profit or loss from financial items			
Interest income and similar profit/loss items	K11	0	0
Interest expense and similar profit/loss items	K11	-2 874	-1 100
Net financial income/expense		**-2 874**	**-1 100**
Earnings before tax (EBT)		**35 965**	**10 422**
Tax on profit/loss for the year	K12	-4 417	-55
Profit/loss for the period		**31 549**	**10 367**
Other comprehensive income			
Translation difference		-1	1
Comprehensive income for the period		**31 548**	**10 368**
Comprehensive income for the period attributable to:			
Parent company shareholders		31 548	10 368
Earnings per share before and after dilution, for the Group as a whole, SEK	K13	1.09	0.36

Summary of consolidated statement of financial position

SEK K		2021-04-01 2022-03-31	2020-04-01 2021-12-31
ASSETS	Note		
Fixed assets			
Intangible fixed assets			
Capitalised expenditure	K14	11 830	6 702
Licensed and development products	K15	98 413	93 676
Total intangible fixed assets		**110 243**	**100 378**
Tangible fixed assets			
Buildings	K16	3 190	4 334
Equipment, tools and fixtures and fittings	K16	1 002	679
Total tangible fixed assets		**4 192**	**5 013**
Non-current financial assets			
Participations in other companies		1	1
Deferred tax asset		0	295
Total non-current financial assets		**1**	**296**
Total fixed assets		**114 436**	**105 687**
Current assets			
Goods for resale	K17	41 674	42 357
Trade receivables	K18	34 098	21 824
Other current receivables	K19	3 504	3 765
Prepaid expenses and accrued income	K20	2 976	3 299
Liquid funds	K21	41 199	26 579
Total current assets		**123 452**	**97 824**
TOTAL ASSETS		**237 888**	**203 511**

EQUITY AND LIABILITIES	Note		
Share capital	K22	1 308	1 308
Other contributed capital		66 990	66 133
Retained earnings including profit for the year		55 328	23 780
Equity attributable to parent company shareholders		**123 626**	**91 221**
Long-term liabilities			
Liabilities to credit institutions	K23	7 200	12 600
Leasing agreement liabilities	K24	4 185	4 759
Deferred tax liability		4 120	-
Total long-term liabilities		**15 505**	**17 359**
Current liabilities			
Liabilities to credit institutions	K23	5 400	5 400
Trade liabilities		15 975	19 029
Pledged invoices	K25, K28	0	4 330
Pledged inventory	K25, K28	59 316	60 082
Deferred tax liability		145	125
Other current liabilities	K25, K26	2 636	2 611
Accrued expenses and deferred income	K27	15 285	3 354
Total current liabilities		**98 757**	**94 931**
TOTAL EQUITY AND LIABILITIES		**237 888**	**203 511**

Consolidated statement of changes in equity

SEK K	Share capital	Other contributed capital	Retained earnings including profit for the year	Total equity
Equity brought forward as at 1 April 2020	1 308	66 133	13 422	80 863
Total comprehensive income for the year				
Profit for the year			10 367	10 367
Other comprehensive income			-9	-9
Total comprehensive income			**10 358**	**10 358**
Equity carried forward as at 31 March 2021	**1 308**	**66 133**	**23 780**	**91 221**
Equity brought forward as at 1 April 2021	1 308	66 133	23 780	91 221
Total comprehensive income for the year				
Profit for the year			**31 549**	**31 549**
Other comprehensive income			0	0
Total comprehensive income			**31 549**	**31 549**
Transactions with owners:				
Employee share options		857		857
Total transactions with owners		**857**		**857**
Equity carried forward as at 31 March 2022	**1 308**	**66 990**	**55 328**	**123 626**

Consolidated statement of cash flows

SEK K	Note	2021-04-01 2022-03-31	2020-04-01 2021-12-31
Operating activities			
Profit after financial items		35 965	10 422
Adjustment for items not included in the cash flow		13 045	18 407
Tax		-	-55
Cash flow from operating activities before changes in working capital		**49 010**	**28 774**
Changes in working capital			
Changes in inventories		683	-13 995
Changes in current receivables		-11 691	-6 268
Changes in current liabilities		3 826	51 536
Cash flow from operating activities		**41 828**	**60 047**
Investing activities			
Investment in intangible assets		-21 463	-55 170
Investment in tangible assets		-627	0
Cash flow from investing activities		**-22 090**	**-55 577**
Financing activities			
Raised loans and leasing liabilities		602	12 880
Amortisation of loans and leasing liabilities		-6 577	-1 081
Employee share options		857	0
Cash flow from financing activities		**-5 118**	**11 799**
CASH FLOW FOR THE PERIOD		**14 620**	**16 269**
Liquid funds at the start of the period		26 579	10 310
Liquid funds at the end of the period		**41 199**	**26 579**

Notes to the consolidated accounts

Note K1
General information

EQL Pharma AB (publ), corporate identity number 556713-3425, is a Swedish public company with headquarters in Lund, Sweden. In this report EQL Pharma AB (publ) is either referred to by its full name or as the Company.

All amounts are in SEK thousands (SEK K), unless otherwise stated. Figures within brackets refer to the previous year.

Note K2
Significant accounting principles

The consolidated financial statements have been drawn up in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) such as have been enacted by the EU. Furthermore, the Swedish Financial Accounting Standards Council's recommendation RFR 1 Supplementary accounting rules for groups has been applied.

The parent company applies the same accounting principles as the Group with the exception of cases noted in the section on the parent company's accounting principles.

Valuation basis

Assets and liabilities are reported at historical cost, except for certain financial assets and liabilities, which are measured at fair value.

Accounting currency and presentation currency

The parent company's accounting currency is SEK, which is also the presentation currency of the parent company and the Group. This means that the financial statements are presented in SEK. All amounts are rounded to the nearest thousand (SEK K), unless otherwise stated. In texts and tables, figures between 0 and 0.5 are represented by 0.

Assessments and estimates

Drawing up the financial statements in accordance with IFRS requires the board and company management to make assessments and estimates as well as assumptions that affect the Group's earnings, position and reported information in general. The estimates and assumptions are based on historical experiences and a number of other factors that are deemed to be reasonable under the prevailing circumstances. The actual outcome may differ from these estimates and assessments. Estimates and assumptions are reviewed regularly. Changes to estimates are reported in the period the change is made if the change has only affected that period, or in the period the change is made and future periods if the change affects both the current period and future periods. Assessments made by company management in the application of IFRS that have an effect on the financial statements, and estimates carried out that may entail significant adjustments in the following year's financial statements are described in note K3 and elsewhere.

Changes in accounting principles

There are no new IFRS standards that have been approved for application from 2021 onwards. There are some changes to standards that are approved for application from 2021. These are not deemed to have a significant effect on the Group's financial statements.

New IFRS that have not yet been applied

New and changed IFRS for future application are not expected to have a significant effect on the Group's financial statements.

Classification of long-term and current items

Fixed assets and long-term liabilities essentially consist of amounts that are expected to be recovered or paid after more than 12 months calculated from accounting year-end. Current assets and short-term liabilities consist essentially of amounts that are expected to be recovered or paid within 12 months calculated from accounting year-end.

Segment reporting

An operating segment is a part of the Group that conducts operations from which income can be generated and costs incurred, and for which there is independent financial information available. The financial results of an operating segment are followed up by the Company's highest executive decision-making body in order to evaluate the financial results and to allocate resources for the operating segment. EQL Pharma (publ) has identified the group management as the highest executive decision-making body. The group management's assessment is that there is only one operating segment.

Consolidation principles

Subsidiaries

Subsidiaries are all companies in which the Group has the right to shape financial and operational strategies in a way that usually follows with a shareholding that exceeds 50% of the shares' or participations' voting power or where the Group through an agreement has a sole controlling influence. Subsidiaries are included in the consolidated financial statements as of the day this control is transferred to the Group. They are excluded from the Group's consolidated financial statements as of the day this control ceases. The acquisition method is used in the reporting of the Group's acquisition of subsidiaries. The cost of acquisition is made up of the fair value of assets submitted as payment, issued equity instruments and liabilities arisen or assumed on the day of transfer. Identifiable acquired assets and assumed liabilities and contingent liabilities in a business combination are initially measured at fair value on the acquisition date, regardless of the extent of any non-controlling interest. The excess that arises from the difference between the cost of acquisition and the fair value of the Group's share of identifiable acquired assets, liabilities and contingent liabilities is reported as goodwill. If the cost of acquisition is below the fair value of the acquired subsidiary's assets, liabilities and contingent liabilities, this difference is reported directly in the income statement.

Elimination of transactions on consolidation

Intra-group transactions and balance sheet items as well as unrealised profits on transactions between group companies are eliminated. Unrealised losses are also eliminated, but any losses are considered as an indication that there may be a write-down requirement. Where appropriate, the accounting principles of subsidiaries have been changed in order to guarantee consistent application of the Group's principles.

Reporting of distribution costs

Historically, EQL Pharma has included distribution costs for medicines in direct costs of materials. However, the pharmaceutical industry regards distribution as an operating activity and therefore includes these costs in sales and marketing costs, i.e. operating expenses. In order to facilitate the calculation of efficiency measurements and production of comparative analyses vis-à-vis the pharmaceutical industry, EQL Pharma reports distribution costs under other external costs, in line with the pharmaceutical industry.

IFRS 15 – Recognition of revenue

Revenue consists of the fair value of what has been received or will be received for sold goods and services in the Group's operating activities. Revenue is reported excluding value added tax, returns and discounts and after elimination of intra-group sales.

The Group recognises revenue when this amount can be measured in a reliable way, it is likely that future financial benefits will be accrued by the Company and that specific criteria have been fulfilled for each of the Group's activities as described below.

Step 1: Identify the contract with a customer

A contract is an agreement between two or more parties that creates enforceable rights and obligations.

The requirements of IFRS 15 are to be applied to each individual customer contract that the parties have agreed on and which fulfil the following criteria::

- The contract is approved by the parties and the parties intend to fulfil the obligations
- The respective parties' rights can be identified
- The payment terms can be identified for the goods and services that are to be transferred.
- The contract has business implications (i.e. the risk, point in time and amount of the company's future cash flows are expected to change as a result of the contract)
- It is probable that the company will receive the payment they have a right to in the exchange of the goods and services that are to be transferred to the customer.

Customer contracts in EQL Pharma fulfil the five criteria stated in step 1.

Step 2: Identify the various performance obligations

A customer contract contains a promise to transfer goods or services to the customer. If a promise regarding specific goods or services fulfils the criterion of being "distinct", this is a performance obligation that is to be reported separately from the other goods and services in the contract.

A distinct performance obligation is a promise concerning goods and services in a contract that fulfils the following criteria:

- The customer can use the specific goods or services individually or together with other easily accessible resources (distinct in nature) and
- The company's promise to provide specific goods or services to the customer is separately identifiable from other promises in the contract (distinct in the contract).

Step 3: Determine the transaction price
The transaction price is the payment to which the company expects to be entitled for transferring promised goods or services to the customer, excluding value added tax. The transaction price may be a fixed amount or a variable amount due to discounts, credits or similar. Regarding contracts that contain a variable payment, this sets a requirement that estimates and assessments are made, which may affect both the size of the revenue and the timing of its recognition.

Variable payment is only to be recognised to the extent that it is highly probable that a reversal of a significant part of the revenue will not be needed in the future when uncertainty regarding the variable payment is resolved.

The transaction price within the Group is set in accordance with IFRS 15 and allocation of variable payments to a particular period is conducted continuously.

Step 4: Allocate the transaction price
When the transaction price is established, it is to be allocated to the distinct performance obligations that have been identified. When a contract contains more than one performance obligation, the company allocates the transaction price to each distinct performance obligation on the basis of its stand-alone selling price. The stand-alone selling price is defined as the amount at which the performance obligation could be set in separate price-setting.

Within EQL Pharma the transaction price is allocated to the different performance obligations in proportion to their stand-alone selling price.

Step 5: Recognise the revenue – over time or at a point in time
Revenue is recognised when the company has satisfied a performance obligation, which is when control of the underlying goods and services has been transferred to the customer. The amount that is recognised as revenue corresponds to the amount allocated to the satisfied performance obligations. A performance obligation may be satisfied over time or at a certain point in time. Revenue is recognised over time when the customer receives and consumes the benefits as the company performs, the company's performance creates or enhances an asset that the customer controls or the company's performance does not create an asset that has an alternative use for the company and the company has a current right to payment for performance carried out to that point. If a performance obligation does not satisfy any of the above criteria for recognition over time, revenue recognition is carried out at a certain point in time. This is carried out at the point in time when control of the goods or services is transferred to the customer. The indicators for assessing the point in time when control is transferred to the customer, may be that the company has transferred physical possession, the company has a current right to payment, the customer has approved the specific goods or services, the customer has the significant risks and benefits, and the customer has a legal right of ownership.

EQL Pharma recognises revenue from contracts with customers both over time and at a point in time. The Group has different terms of delivery and these affect when control of the products is transferred to the customer. Revenue from sales of development work and consulting activities is recognised in the period the services are carried out and is based on the time involved and expenses. Invoicing is on a monthly basis. Revenue from sales of services is recognised in the period the services are carried out. Revenue from projects is invoiced continuously based on the time involved and is taken up as revenue in the period the services are carried out.

Leasing

When an agreement is entered into, the Group assesses whether the agreement is, or contains, a leasing agreement. An agreement is, or contains, a leasing agreement if the agreement transfers the right during a certain period to decide on the use of an identified asset in exchange for a payment. At the start of a leasing agreement or in the review of a leasing agreement that contains several components – leasing and non-leasing components – the Group divides the payment according to the agreement to each component or based on the stand-alone price.

In cases where it is not possible to differentiate the components, they are reported as a single leasing component.

Leasing agreements in which the Group is the lessee
The Group reports a right-of-use asset and a leasing liability at the start date of the leasing agreement. The right-of-use asset is initially valued at the cost of acquisition, which consists of the leasing liability's initial value with an addition for leasing fees paid on or before the start date plus any initial direct expenses. The right-of-use asset is depreciated on a straight-line basis from the start date to whichever is earliest – the end of the asset's useful life or the end of the leasing period – which in a normal case for the Group is the end of the leasing period. In cases where the cost of acquisition for the right-of-use asset reflects that the Group will utilise an option to buy the underlying asset, the asset is depreciated at the end of the useful life period.

Leasing liabilities – which are divided up into long-term and short-term parts – are initially valued at the present value of remaining leasing fees during the assessed leasing period. The leasing period comprises the non-cancellable period with the addition of further periods in the agreement if on the start date it is assessed as reasonably certain that these will be utilised.

Leasing fees are discounted using the Group's marginal borrowing interest rate, which reflects the Group's credit risk. The marginal borrowing interest rate has been assessed as being the same for all operating leasing agreements, whereas financial leasing agreements, which mainly concern cars, have different ones.

The leasing liability comprises the present value of the following fees during the assessed leasing period:

- Fixed fees.
- Variable leasing fees linked to an index or rate, initially valued using the index or rate that applied on the start date.

The liability's value increases with the interest expense for the respective period and is reduced by amortisation. The interest expense is calculated as the liability's value times the discount rate.

For leasing agreements with a leasing period of 12 months or less, or with an underlying asset of low value below SEK 50 K, no right-of-use asset or leasing liability is reported. Leasing fees for these leasing agreements are reported as an expense on a straight-line basis over the leasing period. This also applies to variable leasing fees.

Financial income and expense

Financial income consists of interest income from invested funds, dividends, write-downs of financial liabilities and profit from the divestment of available-for-sale financial assets.

Financial expense consists of interest expense from loans, the effects of resolving present-value calculated provisions, write-downs of available-for-sale financial assets and losses from the divestment of available-for-sale financial assets.

Currency translation

Transactions in foreign currencies

Transactions in foreign currencies are translated to the functional currency at the exchange rate on the transaction date. Monetary assets and liabilities in foreign currencies are translated to the functional currency at the exchange rate at accounting year-end. Exchange rate differences arising from translation are reported in profit or loss for the year. Exchange rate differences regarding operating receivables and operating liabilities are reported in the operating profit or loss, whereas exchange rate differences relating to financial items are reported in net financial income and expense.

Translation of overseas businesses

Assets and liabilities in overseas businesses, including goodwill and other group-wise surplus value or under value are translated from the overseas businesses' functional currency to the Group's presentation currency, SEK, at the exchange rate at accounting year-end. Income and costs in an overseas business are translated to SEK at an average exchange rate that constitutes an approximation of the exchange rates on the respective transaction dates. Translation differences that arise in currency translation of overseas businesses are reported in other comprehensive income and accumulated in a separate component in equity, called the foreign exchange reserve. When a controlling interest in an overseas business ceases the accumulated translation differences attributable to the business are realised, whereupon the differences are reclassified from the foreign exchange reserve in equity to profit or loss for the year.

Taxes

Income taxes consist of both current and deferred income tax. Income taxes are reported in the profit or loss for the year, unless the underlying transaction is reported in other comprehensive income or in equity, in which case the associated tax effect is reported in other comprehensive income or in equity. Current tax is tax that is to be paid or received regarding the current year, with application of the tax rates that are decided or in practice decided at accounting year-end. Current tax also includes adjustments of current tax relating to earlier periods. The management regularly assesses claims made in tax returns regarding situations in which appropriate tax rules are subject to interpretation. This entails, when deemed appropriate, provisions for amounts that are likely to be paid to the Swedish Tax Agency.

Deferred tax is calculated according to the balance sheet method based on temporary differences between reported and fiscal values for assets and liabilities. Temporary differences are not taken into account in group-wise goodwill. Furthermore, the same applies to temporary differences attributable to participations in subsidiaries that are not expected to be reversed in the foreseeable future. The valuation of deferred tax is based on how underlying assets or liabilities are expected to be realised or regulated.

Deferred tax is calculated based on the application of the tax rates and tax rules that have been decided or in practice decided at accounting year-end. Deferred tax assets regarding deductible temporary differences and deficit deduction are reported only to the extent that it is probable that these will entail lower tax payments in the future. The value of deferred tax assets is reduced when it is no longer deemed probable that they can be utilised.

Intangible assets

Intangible assets are reported at the cost of acquisition minus accumulated depreciation and any write-downs. The useful life is reviewed at each accounting year-end.

Licensed products

Licensed products pertain to the rights for the Company to manufacture medicines and to market and sell medicines within a specific territorial area. Depreciation of fully developed products, so-called licensed products, is on a straight-line basis at 20% per year. Depreciation begins once the products have been launched.

Development products

Development products pertain to the costs of developing new medicines. In order to obtain the right to market a particular medicine, a registration application must also be submitted to the regulatory authorities in those countries where the products are to be marketed. These registrations are activated in connection with the payment of licence and registration fees. Products developed by the Company, so-called development products, are depreciated on a straight-line basis at 10% per year. Depreciation begins once the products have been launched.

In cases where it emerges that the potential for the products is fulfilled before 3 or 5 years respectively have elapsed since the launch, the remaining value is written off immediately. The following useful life periods are applieds:

Capitalised expenditure	5 years
Licensed products	5 years
Development products	10 years
Registration fees, licensed products	5 years
Registration fees, development products	10 years
Brands and similar rights	10 years

Tangible fixed assets

Tangible fixed assets are reported in the Group at the cost of acquisition less accumulated depreciation and any write-downs. The cost of acquisition includes the purchase price as well expenses directly attributable to the asset in order to bring it into place and in the condition to be used in accordance with the aim of the acquisition. The carrying amount of an asset is removed from the balance sheet in the case of disposal or sale, or when no future financial benefits are expected from the use or disposal/divestment of the asset. Profit or loss that arises from the divestment or disposal of an asset is made up of the difference between the sales price and the asset's carrying amount less direct sales costs. Profit or loss is reported as for other operating income or expense.

Write-down of intangible and tangible assets

Assets that have an indeterminable useful life, such as goodwill, brands or intangible assets that are not yet ready for use, are not depreciated but are tested annually regarding possible write-down requirements. Assets that are depreciated are assessed with regard to a value decline whenever events or changes in the conditions indicate that the carrying amount is perhaps not recoverable.

A write-down is carried out for the amount with which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the highest value of the asset's fair value minus sales costs and its value in use. In the assessment of a write-down requirement, the assets are grouped at the lowest level where there are separate identifiable cash flows (cash-generating units).

A write-down is reversed if there is both an indication that a write-down requirement no longer exists and that a change has occurred in the assumptions that were the basis for calculation of the recoverable amount. However, write-downs of goodwill are never reversed. A reversal is carried out only to the extent that the asset's carrying amount after reversal does not exceed the carrying amount that would have been reported, with deduction for depreciation if applicable, if no write-down had been carried out.

Financial assets and liabilities

A financial asset or financial liability is reported in the balance sheet when the Group becomes a party according to the instrument's contractual terms. Trade receivables are reported when the invoice has been sent. Liabilities are reported when the counterparty has performed and the contractual obligation is to be paid, even though the invoice has not yet been received. Trade liabilities are reported when the invoice has been received. A financial asset is removed from the balance sheet when the rights in the contract have been realised, fall due or the Group loses control over them. The same applies for parts of a financial asset. A financial liability is removed from the balance sheet when the obligation in the contract is fulfilled or in some other way extinguished. The same applies for parts of a financial liability.

A financial asset and a financial liability are offset and reported with a net amount in the balance sheet only when there is a legal right to offset the amounts and that there is an intention to regulate the items with a net amount or at the same time realise the asset and regulate the liability. The legal right is not to be dependent on future events and it must be legally binding for the Company and the counterparty in normal business activities and in the event of suspension of payments, insolvency or bankruptcy.

Acquisition and divestment of financial assets is reported on the trade date. The trade date is the day on which the Company undertakes to acquire or divest the asset.

IFRS 9

IFRS 9 Financial instruments entered into effect on 1 January 2018 and replaced IAS 39 Financial instruments: recognition and measurement. The new standard has been revised in different sections, and some revisions concern recognition and measurement of financial assets and financial liabilities. IFRS 9 classifies financial assets in three different categories. Classification is determined in the first reporting instance based on the characteristics of the asset and the company's business model. The second part concerns hedge accounting. To a large extent, the new principles entail better conditions for reporting to provide a fair picture of a company's management of financial risks using financial instruments. Finally, new principles have been introduced regarding write-downs of financial assets, in which the model is based on expected losses. The aim of the new write-down model, among other things, is for provisions for credit losses to be made at an earlier stage.

EQL Pharma's primary risk area covered in IFRS 9 is trade receivables. The Group already makes provisions for the trade receivables where there is a risk of write-down requirements. Historically, the Group has had low bad debt losses. The effects of IFRS 9 have been calculated and assessed as negligible for the Groups' accounting.

Classification and measurement

Financial instruments are recognised initially at the cost of acquisition corresponding to the instrument's fair value with an addition for transaction costs for all financial instruments except regarding those in the category financial asset/ liability that are recognised at fair value via the profit or loss, which are recognised at fair value excluding transaction costs.

A financial instrument is initially classified based on, among other things, the purpose for which the instrument was acquired. The classification determines how the financial instrument is measured after initial recognition. As a rule, embedded derivatives are separated from the host contract and recognised in a corresponding way as other derivatives not included in the hedging relationship. Embedded derivatives are not separated if their financial characteristics and risks are closely associated with the host contract's financial characteristics and risks or if the financial instrument in its entirety is measured at fair value.

Financial assets measured at fair value via the profit or loss

This category consists of two sub-groups: financial assets held for trading and other financial assets the company initially chose to place in this category (fair value option).

Financial instruments in this category are measured continuously at fair value with changes in value reported in profit or loss for the year. EQL Pharma has no financial instruments in this category.

Loan receivables and trade receivables

Loan receivables and trade receivables are non-derivative financial assets with fixed or determinable payments and that are not quoted in an active market. These assets are measured at amortised cost. Amortised cost is determined based on the effective interest rate calculated on the acquisition date.

They are included in current assets with the exception of items with due dates more than 12 months after accounting year-end, which are classified as fixed assets. Trade receivables are recognised at the amount calculated to be received, i.e. after deduction of uncertain receivables. A write-down of trade receivables is reported in the income statement.

Available-for-sale financial assets

EQL Pharma has no financial instruments in this category.

Financial liabilities measured at fair value via profit or loss

See the description above under the asset category regarding the existing sub-categories and how holdings in this category are reported.

Other financial liabilities

Loans and other financial liabilities are included in this category. Other financial liabilities are recognised after the acquisition date at amortised cost applying the effective interest method. Trade liabilities are classified as other financial liabilities.

Write-down of financial assets

At the end of each reporting period, the Group assesses if objective evidence for a write-down requirement exists for a financial asset or group of financial assets. A financial asset has a write-down requirement and is written down only if there is objective evidence for a write-down requirement due to one or more events having occurred since the asset was recognised the first time (a "loss event") and that this event (or events) has an effect on estimated future cash flows for the financial asset that can be estimated in a reliable way.

The criteria the Group use to determine whether there is objective evidence for a write-down requirement include significant financial difficulties at the issuer or debtor, a breach of contract such as non-payment or late payment of interest or principal, or that it probable that the borrower will enter bankruptcy or some other financial reconstruction. For the category loan receivables and trade receivables, the write-down is calculated as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not occurred), discounted at the financial asset's original effective interest rate. The asset's carrying amount is written down and the write-down amount is reported in the Group's profit or loss. If the write-down requirement decreases in a subsequent period and the decrease can be objectively attributed to an event that happened after the write-down was reported, a reversal is reported of the previously reported write-down in the Group's profit or loss.

Inventories

Inventories are valued at the lowest of either the cost of acquisition or the net realisable value. The cost of acquisition is calculated according to the first-in, first-out principle (FIFU). Net realisable value is defined as the sales price after deductions for costs for completion and sales costs.

Trade receivables

Trade receivables are initially recognised at fair value and subsequently at amortised cost, applying the effective interest method, less any allowance for depreciation. An allowance for depreciation of trade receivables is carried out when there is objective evidence that the Group will not receive all the amounts that are due according to the original conditions of the receivables. Significant financial difficulties at the debtor, the probability that the debtor will enter bankruptcy or undergo financial reconstruction, and non-payments or late payments (overdue for more than 30 days) are considered to be indicators that a write-down requirement for a trade receivable may exist. The size of the allowance is determined by the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original interest rate. Losses regarding trade receivables as well as recovered previously written down trade receivables are reported in the income statement.

The carrying amount for a trade receivable, after any write-downs, is assumed to correspond to its fair value, as this item is short term in nature.

Liquid funds

Liquid funds include cash, bank balances and other short-term investments with due dates within three months of the acquisition date.

Share capital

Ordinary shares are classified as equity. Any transaction expenses that are directly attributable to emission of new shares are reported net, after tax, in equity as a deduction from the issue liquidity.

Dividends

Dividends to the parent company's shareholders are reported as a liability in the Group's financial statements in the period when the dividend was approved.

Provisions

A provision differs from other liabilities as there is uncertainty about the payment date or the size of the amount for regulating the provision. A provision is reported in the balance sheet when there is an existing legal or informal commitment as the result of an event that has occurred and it is probable that an outflow of financial resources is required to regulate the commitment, and that a reliable estimate of the amount can be made.

Provisions are measured at present value of the amount that is expected to be required to regulate the commitment. In this connection, a discount rate before tax is used that reflects a current market assessment of the time-sensitive value of money and the risks that are associated with the provision. The increase in the provision that is due to the passing of time is reported as interest expense.

Trade liabilities
Trade liabilities are initially recognised at fair value and subsequently at amortised cost, applying the effective interest method. The carrying amount for trade liabilities is assumed to correspond to its fair value, as this item is short term in nature.

Remuneration to employees

Short-term remuneration
Short-term remuneration to employees is calculated without discounting and is reported as expense when the related services are received.

Remuneration after end of employment

Pension plans
Within EQL Pharma there are only defined contribution pension plans

Defined contribution pension plans are classified as the plans in which EQL Pharma's obligation is limited to the fees the Company has undertaken to pay. The pension costs for the defined contribution plans are charged to the profit or loss at the rate that the employees carry out their duties. The obligations are estimated without discounting, as the payments for all these plans fall due for payment within 12 months.

SEB Trygg Plan
Obligations for retirement pensions and family pensions for workers in Sweden are secured partly through an insurance policy with Alecta. According to a statement issued by the Swedish Financial Reporting Board, UFR 10, this a defined benefit plan that covers several employers. The Group does not have access to such information that makes it possible to report this plan as a defined benefit plan. The pension plan that according to ITP is secured through an insurance policy with SEB is therefore reported as a defined contribution plan.

Remuneration on severance of employment
A cost for remuneration in connection with the termination of employment of staff is reported only if the Company is evidently obligated, without a realistic possibility of withdrawal, by a formal specific plan to terminate employment before the normal time. When remuneration is presented as an offer to encourage voluntary redundancy, a cost is reported if it is probable that the offer will be accepted and the number of employees who will accept the offer can be reliably estimated. Benefits that fall more than 12 months after accounting year-end are discounted to the present value.

Profit-sharing and bonus schemes
The Group reports a liability and a cost for bonuses in cases where remuneration in the form of bonuses has been decided. The Group reports a provision when there is a legal obligation or an informal obligation.

Government grants
The Group has costs for the development of new products and the Group also has operations in geographical areas that are covered by opportunities for grants. The grants that the Group obtains are reported according to the same principle as the corresponding cost, i.e. a grant for professional development of personnel is reported as a reduced personnel cost.

Received government support for research and development projects is reported at fair value when there is reasonable certainty that the grant will be received and that the conditions associated with the grant will be fulfilled. Government support regarding costs is reported in the income statement. The revenues are recognised in the same period as the costs the grant is intended to cover. In those cases where government support refers to development projects that have been activated as assets, the government support reduces the cost of acquisition for the asset. The government support affects the reported profit or loss during the useful life of the asset through lower depreciation.

Contingent liabilities
Information on a contingent liability is reported when there is a possible obligation that arises from events that have happened and whose existence is confirmed only by one or more uncertain future events or when there is an obligation that is not reported as a liability or a provision due to the improbability of an outflow of resources being required.

Statement of cash flows
The statement of cash flows has been drawn up in accordance with the indirect method. The reported cash flow covers only transactions that entail incoming and outgoing payments. EQL Pharma's liquid funds comprise cash and bank balances.

Note K3 Important estimates and assessments

Activation of development expenses

Intangible assets that arise through development, or in the development phase of an internal project, are only to be taken up as an asset in the balance sheet if the Company can show that all points in accordance with IAS 38:57 are fulfilled. There are, above all, three criteria that are analysed to assess historical expenses and how they fulfil the criteria for activation:

1) the probability of future financial benefits,
2) if financing has been arranged at the time the expense occurred and
3) the expenses that are attributable to the product under its development can be estimated in a reliable way.

All the criteria are fulfilled for the Group's activated development expenses.

Testing of write-down requirement for activated development expenses

The Group carried out write-down tests to determine the recoverable amount for the projects activated as at 31 March 2022 and which have yet to be brought into use. The value in use, the present value of expected future cash flows for the products covered by the activated development expenses, did not indicate any write-down requirement. There is thus a reasonable certainty that these assets are expected to generate a sufficient incoming payment surplus in years to come.

Measurement of deficit deduction

Every year the Group examines the possibility to activate new deferred tax assets regarding the year's fiscal deficit deduction, if it is appropriate. Deferred tax assets are only taken up in cases where it is probable that future fiscal surplus will be available, against which the temporary difference can be utilised. As at 31 March 2022 the Group had no loss carry forward.

Other areas involving assessments

Among the other main areas that involve assessments are obsolescence assessments for inventories, allowances for uncertain trade receivables, provisions for guaranteeing obligations and provisions for restructuring.

Note K4 Financial risks

Financial risk factors

The Group is exposed through its business operations to a number of different financial risks: currency risk, interest rate risk, price risk, credit risk and liquidity risk. The Group's overall risk management policy focuses on the unpredictability of the financial markets and strives to minimise potential unfavourable effects on the Group's financial results.

The risk management is carried out by the CEO in consultation with the CFO in accordance with the guidelines decided by the board.

Currency risk

The Group operates internationally and is subject to currency risks that arise from different currency exposures, mainly concerning EUR and USD. The principal exposure stems from the Group's purchases in foreign currencies. These currency risks concern the risk of fluctuations in the value of trade liabilities as well as the currency risk in expected and contracted payment flows.

The Group does not apply hedging to currency flows.

Interest rate risk

The Group has no interest-bearing receivables but does have interest-bearing liabilities. A rise in the market interest rate of 1 percentage point would mean a negative effect on earnings of SEK 209 K on an annual basis.

The Group's interest rate risk arises through long-term borrowing. Borrowings with variable interest rates expose the Group to an interest rate risk regarding cash flows which is in part neutralised by liquid funds with a variable interest rate. Borrowings with fixed interest rates expose the Group to an interest rate risk regarding fair value.

Credit risk

Credit risk is managed at the Group level. Credit risk arises through liquid funds and balances at banks and finance institutions as well as credit exposure vis-à-vis the Group's customers, including outstanding receivables and contracted transactions. The maximum credit risk exposure consists of the carrying amount of the exposed assets. The risk that Group customers do not fulfil their obligations, i.e. that payment is not received from customers, constitutes a customer credit risk. Based on historical data, The Group deems that no write-down of trade receivables that are not yet due is necessary at accounting year-end and the management does not expect any losses due to non-payment from these counterparties. For a duration analysis of overdue but not written down trade receivables, see note K19. The Group has procedures in place for credit controls, debt collection and advances for customers with poor payment tendencies.

Liquidity risk

The Group's liquidity risk pertains to the Group lacking liquid funds to pay for its obligations. Liquidity developments are continuously followed up via liquidity forecasts.

Management of capital risk

The Group's aim concerning the capital structure is to secure the Group's ability to continue its operations, so that it can continue to generate returns for the shareholders and benefits for other stakeholders, and to maintain an optimal capital structure to keep capital-related costs down.

Fair value

The Group has financial liabilities that are measured at fair value and also financial assets and liabilities that are valued at amortised cost. The liability items measured at fair value are classified in accordance with Level 2 of the measurement hierarchy. The asset and liability items reported according to amortised cost are included in Level 3 of the measurement hierarchy. For further information, see note K25.

Level 1: Quoted prices (non-adjusted) on active markets for identical instruments.

Level 2: Input data other than the quoted prices included in Level 1.

Level 3: Non-observable input data for assets or liabilities.

The Group does not apply net accounting for any of its assets or liabilities.

Note K5 Segment reporting

EQL Pharma's segment information is presented based on the group management's perspective and operating segments are identified based on the internal reporting to the group management. EQL Pharma's operations consist of just one operating segment, Medicine, and reference is therefore made to the income statement and balance sheet concerning reporting of operating segments.

Income break-down

	Medicine		Non-recurring		Other	
SEK K	2021-04-01 2022-03-31	2020-04-01 2021-03-31	2021-04-01 2022-03-31	2020-04-01 2021-03-31	2021-04-01 2022-03-31	2020-04-01 2021-03-31
Sweden	135 360	95 841	274 392	83 300	0	0
Rest of Europe	-	-	-	-	-	-
Total income	**135 360**	**95 841**	**274 392**	**83 300**	**0**	**0**

Note K6 Remuneration to auditors

SEK K	2021/2022*	2020/2021*
Crowe Osborne AB		
Audit engagement	200	200
Other services	60	161
Total	**260**	**361**

*Crowe Osborne AB

Audit engagement refers to the statutory audit of the annual and consolidated financial statements and accounts, the board's and CEO's administration as well as auditing and other reviews carried out in accordance with an agreement or contract. Other services refer to auditing services in addition to the audit engagement, tax advice and other consultancy services.

Note K7 Leasing agreements

Lessee
The Group leases several types of assets including premises, vehicles and printers.

Right-of-use assets

SEK K	Premises	Vehicles	Other
Depreciation for the year	-1 062	-247	0
Balance carried forward right-of-use assets as at 31 March 2022	**3 190**	**926**	**0**

SEK K	Premises	Vehicles	Other
Depreciation for the year	-1 052	-105	0
Balance carried forward right-of-use assets as at 31 March 2021	**4 334**	**465**	**0**

Amount reported in income statement

SEK K	2021/2022	2020/2021
Depreciation amount for right of use	-1 308	-1 157
Interest expense for leasing liability	-95	-96
Leasing costs attributable to short-term leasing liabilities	-	-
Leasing costs attributable to leasing agreements of low value	-	-

Amount reported in the statement of cash flows

SEK K	2021/2022	2020/2021
Total cash flows attributable to leasing agreements	**-1 247**	**-1 132**

The cash flow above includes amounts for leasing agreements that are reported as leasing liabilities, as well as amounts paid for variable leasing fees, short-term leasing and leases of low value.

Leasing of premises
The Group leases premises for offices. Leasing agreements usually have a duration of three years. Property tax charged by the property owner constitutes a variable fee. There are future obligations concerning variable leasing fees, which follow the leasing agreements' leasing period.

Leasing of vehicles and other leasing agreements
The Group leases vehicles with leasing periods of three years in most cases. In addition, there are other leasing agreements such as for printers with leasing periods of one year.

Leasing liability

Leasing liability according to the balance sheet SEK K	2021/2022	2020/2021
Short-term component	1 154	1 107
Long-term component	3 031	3 652
Total liability	**4 185**	**4 759**

The Group does not face any significant liquidity risk concerning its leasing liabilities.

Note K8 Grants received SEK K	2021/2022	2020/2021
Contributor		
Compensation for sick pay costs	25	0
Allowance for research & development	427	43
Total	**452**	**43**

Note K9 Employees, personnel costs and fees to board members	2021/2022	of whom men	2020/2021	of whom men
Employees				
Average number of employees	13	4	10	4
Board	6	5	6	5

Personnel costs and fees to board members

SEK K	2021/2022			2020/2021		
	Salaries and remuneration	Social security contributions	Of which pension costs	Salaries and remuneration	Social security contributions	Of which pension costs
Board & CEO	2 151	671	209	2 270	713	0
Other employees	11 311	3 059	1 389	9 116	2 849	1 536
Total salaries and remuneration	**13 462**	**3 730**	**1 598**	**11 386**	**3 562**	**1 536**

Fees have been paid in the amount of SEK 250 thousand to the Chairman of the Board in 2021/2022, previous year SEK 250 thousand. Fees have been paid in the amount of SEK 100 thousand per member to the other members of the Board, totalling SEK 650 thousand, previous year SEK 650 thousand. Fees have been paid to CEO Christer Fåhraeus in the amount of SEK 1 501 thousand in 2021/2022, previous year SEK 1 120 thousand. Christer Fåhraeus has been employed by the Company since 1 December 2020.

Note K10 Other operating income SEK K	2021/2022	2020/2021
Other operating income		
Sick pay compensation	25	0
Insurance compensation	0	68
Rental income	279	261
Other items	90	185
Total other operating income	**395**	**514**

Note K11 Financial income and expense SEK K	2021/2022	2020/2021
Interest income	0	0
	0	**0**
Interest expense	-2 779	-1 004
Interest, leasing agreements	-95	-96
	-2 874	**-1 100**
Total net financial income/expense	**-2 874**	**-1 100**

All interest income and interest expense refer to items that are not measured at fair value via the profit or loss. Interest expense includes already paid interest expense, which is allocated over the duration of the loan.

Note K12 Taxes

SEK K	2021/2022	2020/2021
Tax according to the current tax rate	-7 409	-2 241
Utilised fiscal deficit deduction	2 992	2 186
Reported tax in the income statement	**-4 417**	**-55**

The Group, reconciliation between current tax rate and effective tax rate

	2021/2022	2020/2021
Profit before tax	35 965	10 440
Tax according to the current tax rate	-7 409	-2 234
Effect of non-deductible costs/non-taxable income	-27	-7
Utilised deficit deduction	3 019	2 186
Other	-	-
Reported tax in the income statement	**-4 417**	**-55**

Deferred tax assets and tax liabilities

	2021/2022		2020/2021	
	Deferred tax asset	Deferred tax liability	Deferred tax asset	Deferred tax liability
Untaxed reserves	-	4 120	-	-
Deficit deduction	-	-	295	-
Total	**0**	**4 120**	**295**	**0**

For measurement of deficit deduction, see note K3.

Note K13 Earnings per share

SEK K	2021/2022	2020/2021
Basic earnings per share, Group total, SEK	1.09	0.36
Diluted earnings per share, Group total, SEK	1.09	0.36
Number of outstanding shares at the end of the period	29 063 610	29 063 610
Average number of outstanding shares before dilution	29 063 610	29 063 610
Average number of outstanding shares after dilution	29 063 610	29 063 610

Earnings per share are the same before and after dilution, as there are no outstanding share warrants or convertible instruments that may entail dilution.

Note K14 Capitalised expenditure SEK K	2021/2022	2020/2021
Opening accumulated cost	10 196	8 535
Investments for the year	5 905	3 097
Write-down for the year	-	-1 434
Sales/disposals for the year	-	-3
Closing accumulated cost	**16 101**	**10 196**
Opening accumulated depreciation	-3 494	-2 233
Depreciation for the year	-777	-1 261
Sales/disposals for the year	-	-
Closing accumulated depreciation	**-4 271**	**-3 494**
Closing carrying amount	**11 830**	**6 702**

Write-down testing
Capitalised expenditure is depreciated over 5 years from the launch of the product to which the capitalised expenditure is linked. In cases where it emerges that the potential of the product is fulfilled before 5 years have elapsed since the launch, the remaining value is written off immediately. Intangible assets that are not yet ready for use are tested annually regarding any write-down requirement or when there is an indication of depreciation. Intangible assets that are in use are tested for any write-down requirement when there is an indication of depreciation.

Note K15 Licensed and development products SEK K	2021/2022	2020/2021
Opening accumulated cost	107 924	65 386
Investments for the year	15 558	52 073
Write-down for the year	-6 729	-9 535
Sales/disposals for the year	-	-
Closing accumulated cost	**116 753**	**107 924**
Opening accumulated depreciation	-14 248	-9 355
Depreciation for the year	-4 092	-4 893
Sales/disposals for the year	-	-
Closing accumulated depreciation	**-18 340**	**-14 248**
Closing carrying amount	**98 413**	**93 676**

Write-down testing
Licensed products are depreciated over 5 years from launch. In cases where it emerges that the potential of the product is fulfilled before 5 years have elapsed since the launch, the remaining value is written off immediately. Development products are depreciated over 10 years from launch. In cases where it emerges that the potential for the product is fulfilled before 10 years have elapsed since the launch, the remaining value is written off immediately. Intangible assets with indeterminable useful life and intangible assets that are not yet ready for use are tested annually regarding any write-down requirement or when there is an indication of depreciation. Intangible assets that are in use are tested for any write-down requirement when there is an indication of depreciation.

Note K16 Tangible fixed assets SEK K	2021/2022 Buildings	2020/2021 Buildings	2021/2022 Machines and inventories	2020/2021 Machines and inventories
Opening accumulated cost	5 386	5 386	1 427	857
Investments for the year	-	-	708	570
Disposals for the year	-82			
Closing accumulated cost	**5 304**	**5 386**	**2 135**	**1 427**
Opening accumulated depreciation	-1 052	0	-748	-490
Depreciation for the year	-1 062	-1 052	-385	-258
Closing accumulated depreciation	**-2 114**	**-1 052**	**-1 133**	**-748**
Closing planned residual value	**3 190**	**4 334**	**1 002**	**679**
Of which right-of-use assets	**3 190**	**4 334**	**926**	**465**

Note K17 Inventories SEK K	2021/2022	2020/2021
Goods for resale	63 485	43 470
Goods in transit	1 067	2 409
Obsolescence reserve	-22 878	-3 522
Closing cost	**41 674**	**42 357**

Note K18 Trade receivables SEK K	2021/2022	2020/2021
Trade receivables	34 098	21 824
Reserve for uncertain trade receivables	0	0
Total	**34 098**	**21 824**

Past due	2022-03-31	2021-03-31
Not yet due	27 041	18 173
1-30 days	469	3 569
31-60 days	5 432	8
61-90 days	469	65
More than 90 days	688	9
General reserve	0	0
Total	**34 098**	**21 824**

Trade receivables are monitored continuously and despite a number of due trade receivables there is no assessment of the risk of credit losses or uncertain trade receivables.

Note K19 Other current receivables SEK K	2021/2022	2020/2021
Advance payments to suppliers	3 453	2 158
Other current receivables	51	1 607
Closing cost	**3 504**	**3 765**

Note K20 Prepaid expenses and accrued income SEK K	2021/2022	2020/2021
Insurance premiums	23	23
Premises rental and property-related costs	296	296
Leasing costs	77	116
Accrued contracted income	0	256
Other items	2 580	2 607
Total	**2 976**	**3 299**

Note K21 Liquid funds	2021/2022		2020/2021	
	Thousands, foreign currency	SEK K	Thousands, foreign currency	SEK K
EUR	131	1 354	461	4 717
GBP	1	14	6	77
NOK	3 659	3 932	1	1
SEK	27 868	27 868	19 214	19 214
USD	54	498	219	1 908
DKK	5 420	7 533	481	663
Total		**41 199**		**26 579**

Note K22 Shares and other contributed capital SEK K	Number of shares	Share capital
As at 1 April 2020	29 063 610	1 308
As at 31 March 2021	29 063 610	1 308
As at 31 March 2022	29 063 610	1 308

No dividend was distributed in 2020/2021 and 2021/2022.
No changes have occurred in 2020/2021 and 2021/2022.

Share capital
All shares are of the same type, are fully paid and provide eligibility for one vote. No shares are reserved for transfer according to share option agreements or other agreements. The quota value is SEK 0.045 per share.

Other contributed capital
Other contributed capital consists of capital contributed by EQL Pharma's owners.

Share warrants

Number	Subscription period	Subscription price	Potential share capital increase
400 000	2025-09-01 – 2025-09-30	67.50	18 000
142 000	2025-09-01 – 2025-09-30	72.05	6 390
542 000			**24 390**

Note K23 Interest-bearing liabilities SEK K	2021/2022	2020/2021
Long-term liabilities to credit institutions	7 200	12 600
Current liabilities to credit institutions	5 400	5 400
Total	**12 600**	**18 000**

	Amount and duration	
	0–1 years	1–5 years
Lender		
Skandinaviska Enskilda banken. Terms: Stibor +3.5 %	4 500	4 500
Almi. Terms: Stibor +3.5 %	900	2 700

The Group has no interest-bearing liabilities with a duration of more than 5 years.

Note K24 Interest-bearing liabilities SEK K	2021/2022	2020/2021
Leasing liability	4 185	4 759
Other long-term liabilities	-	-
Total interest-bearing liabilities	**4 185**	**4 759**

Note K25 Pledged invoices/Pledged inventory SEK K	2021/2022	2020/2021
Granted pledged invoice credit amounts to:	20 000	20 000
Granted pledged inventory credit amounts to:	60 000	60 000
Total credit	**80 000**	**80 000**
Utilised credit	**59 316**	**64 412**

Note K26 Other current liabilities SEK K	2021/2022	2020/2021
Advances from customers	-	-
VAT liability	1 086	1 218
Other current liabilities	1 550	1 393
Total	**2 636**	**2 611**

Note K27 Accrued expenses and deferred income SEK K	2021/2022	2020/2021
Personnel-related costs	3 466	2 864
Sub-consultants	537	23
Auditing costs	200	200
Distribution costs	135	90
Guarantee reserve	89	89
Other accrued expenses	10 858	88
Total	**15 285**	**3 354**

Note K28 Liabilities for which security is provided SEK K	2021/2022	2020/2021
Pledged invoices	-	4 330
Pledged inventory	59 316	60 082
Liabilities to credit institutions	12 600	18 000
Pledged assets		
For own liabilities		
Pledged trade receivables	33 678	16 426
Inventories	40 238	40 771
Chattel mortgages	4 600	4 600

Note K29 Currency exchange rates used in the financial statements	Average rate		Accounting year-end rate	
	2021/2022	2020/2021	2022-03-31	2021-03-31
Currency code				
DKK	1.376	1.39	1.39	1.377
EUR	10.2354	10.487	10.2362	10.038
GBP	12.0349	11.798	12.0263	11.087
NOK	1.0153	0.979	1.0178	0.955
USD	8.8114	9.204	8.8256	8.189

The table shows the currency exchange rates used in the translation of financial statements for the foreign subsidiaries that draw up statements in a currency other than the currency in which the Group's financial statements are presented (SEK). The currency exchange rates have been obtained from Sweden's central bank, Riksbanken.

Note K30 Events after accounting year-end

EQL Pharma obtains approval for Glycopyrronium EQL Pharma
EQL Pharma has obtained approval from the Danish regulatory authority for Glycopyrronium EQL Pharma solution for injection 0.2mg/ml, and approval in Sweden, Norway and Finland is expected soon. Glycopyrronium EQL Pharma becomes EQL's third approved in-patient care product and will be sold via public procurement in all four Nordic countries. The market is growing and worth SEK 30 million annually with three active competitors. The launch is dependent on the result of tenders in procurements but can occur at the earliest in Q4 (January-March) of EQL's financial year.

EQL Pharma out-licenses Mellozzan to a leading French company in ADHD
EQL Pharma has entered into an exclusive out-licensing agreement for France with the French company H.A.C. Pharma for EQL's own-developed product Mellozzan (melatonin). The agreement is in practice without time limits and applies to tablets in six different strengths and an oral solution. The latter is newly developed and ready to be submitted to regulatory authorities for registration.

The agreement includes EUR 200 000 in down payment and regulatory milestones. The royalty for sales is well into the double-figure range, i.e. more than ten per cent. The launch of Mellozzan in France will take place as soon as possible, mainly determined by processing times at the French authorities for registration and subsidisation.

Parent company income statement in summary

Parent company income statement

SEK K		2021-04-01 2022-03-31	2020-04-01 2021-12-31
	Note		
Net sales	M2	406 049	173 945
Expenses for sold goods		-311 513	-124 378
Gross profit		**94 536**	**49 567**
Sales expenses	M4, M5, M6	-36 602	-18 577
Administration expenses	M3, M4, M6	-10 808	-8 918
Research and development expenses	M4, M5, M6	-9 057	-11 633
Other operating income	M7	395	514
Operating profit (EBIT)		**38 464**	**10 953**
Profit or loss from financial items			
Interest income and similar profit/loss items	M8	0	0
Interest expense and similar profit/loss items	M8	-2 779	-1 004
Net financial income/expense		**-2 779**	**-1 004**
Appropriations	M9	-19 680	0
Earnings before tax (EBT)		**16 005**	**9 949**
Deferred tax	M10	-	0
Profit for the year		**16 005**	**9 949**

Parent company balance sheet

SEK K		2022-03-31	2021-03-31
ASSETS			
Fixed assets			
Intangible fixed assets			
Capitalised expenditure	M11	11 830	6 702
Licensed and development products	M12	98 128	93 348
Total intangible fixed assets		**109 958**	**100 050**
Tangible fixed assets			
Equipment, tools and fixtures and fittings	M13	76	214
Total tangible fixed assets		**76**	**214**
Financial fixed assets			
Participations in group companies	M14	390	390
Participations in other companies	M14	1	1
Deferred tax asset		0	0
Other financial fixed assets		0	0
Total financial fixed assets		**391**	**391**
Total fixed assets		**110 425**	**100 655**
Current assets			
Goods for resale	M15	40 238	40 771
Trade receivables	M16	33 742	21 322
Receivables from group companies		1 541	2 417
Other current receivables	M17	3 504	3 765
Prepaid expenses and accrued income	M18	2 841	3 282
Liquid funds	M19	40 448	25 220
Total current assets		**122 314**	**96 777**
TOTAL ASSETS		**232 739**	**197 432**

Parent company balance sheet

SEK K		2022-03-31	2021-03-31
EQUITY AND LIABILITIES			
Equity			
Restricted equity			
Share capital	M20	1 308	1 308
Fund for development expenses		10 904	6 702
Total restricted equity		**12 214**	**8 010**
Non-restricted equity			
Retained earnings		79 107	72 503
Profit for the year		16 005	9 949
Total non-restricted equity		**95 112**	**82 452**
Total equity		**107 324**	**90 462**
Untaxed reserves			
Excess depreciation	M6	20 000	0
Total untaxed reserves		**20 000**	**0**
Long-term liabilities			
Liabilities to credit institutions	M21	7 200	12 600
Total long-term liabilities		**7 200**	**12 600**
Current liabilities			
Liabilities to credit institutions	M21	5 400	5 400
Trade liabilities		15 417	18 726
Pledged invoices	M22	0	4 330
Pledged inventory	M22	59 316	60 082
Tax liabilities		123	86
Other current liabilities	M23	2 717	2 492
Accrued expenses and deferred income	M24	15 242	3 254
Total current liabilities		**98 215**	**94 370**
TOTAL EQUITY AND LIABILITIES		**232 739**	**197 432**

Parent company statement of changes in equity

	Restricted equity	Non-restricted equity		Total equity
SEK K	Share capital	Fund for development expenses	Retained earnings including profit for the year	Total
Equity brought forward as at 1 April 2020	1 308	6 299	72 906	80 513
Transfer fund for development expenses		403	-403	0
Profit for the year			9 949	9 949
Equity carried forward as at 31 March 2021	**1 308**	**6 702**	**82 452**	**90 462**
Equity brought forward as at 1 April 2021	1 308	6 702	82 452	90 462
Transfer fund for development expenses		4 202	-4 202	0
Employee share options			857	857
Profit for the year			16 005	16 005
Equity carried forward as at 31 March 2022	**1 308**	**10 904**	**95 112**	**107 324**

Parent company statement of cash flows

SEK K		2021-04-01 2022-03-31	2020-04-01 2021-12-31
Operating activities			
Profit after financial items		16 005	9 949
Adjustment for items not included in the cash flow		-	-
Depreciation and write-downs		11 692	17 120
Tax		0	0
Cash flow from operating activities before changes in working capital		**47 377**	**27 069**
Changes in working capital			
Changes in inventories		533	-13 673
Changes in current receivables		-10 842	-7 559
Changes in current liabilities		3 845	51 797
Cash flow from operating activities		**40 913**	**57 635**
Investing activities			
Investment in intangible assets		-21 462	-55 160
Cash flow from investing activities		**-21 462**	**-55 160**
Financing activities			
Amortisation of loans		-5 400	-
Group contribution received		320	-
Share warrants		857	-
Raised loans		-	12 600
Cash flow from financing activities		**-4 223**	**12 600**
CASH FLOW FOR THE PERIOD		**15 228**	**15 075**
Liquid funds at the start of the period	M26	25 220	10 145
Liquid funds at the end of the period	M26	**40 448**	**25 220**

Notes to the parent company accounts

Note M1
Significant accounting principles

The parent company applies RFR 2 Financial reporting for legal entities. This means that in its financial statements, the parent company is mainly to apply the IFRS that are applied in the consolidated accounts. RFR 2 makes certain exemptions and additions to this rule, depending on whether application of IFRS contravenes Swedish law, that application leads to a tax situation that deviates from that which applies to other Swedish companies or that there are other valid reasons.

The parent company applies other accounting principles than the Group in the cases stated below.

Layout of the income statement and balance sheet

The parent company uses the layouts stated in the Annual Accounts Act which, among other things, entails that a different presentation of equity is applied. Otherwise, the income statement and balance sheet are presented in the same way as for the Group. Certain terms in the balance sheet differ between the Group and the parent company which relates to the terms used in the Annual Accounts Act and the IFRS standards. Any provisions are reported in the parent company under a separate heading.

Shares in subsidiaries

Purchase costs for shares in subsidiaries are activated as assets and recognised at the cost of acquisition after deductions for any write-downs. When there is an indication that shares and participations in subsidiaries have declined in value, a calculation is made of the recoverable amount. If this is lower than the carrying amount, there is a write-down. Write-downs are reported in the item "Profit/loss from participations in Group companies".

Note M2 Net sales

EQL Pharma's segment information is presented based on the group management's perspective and operating segments are identified based on the internal reporting to the group management. EQL Pharma's operations consist of just one operating segment, Medicine, and reference is therefore made to the income statement and balance sheet concerning reporting of operating segments.

Income break-down

	Medicine		Non-recurring		Other	
SEK K	2021-04-01 2022-03-31	2020-04-01 2021-03-31	2021-04-01 2022-03-31	2020-04-01 2021-03-31	2021-04-01 2022-03-31	2020-04-01 2021-03-31
Sweden	131 657	90 644	274 392	83 300	0	0
Rest of Europe	-	-	-	-	-	-
Total income	**131 657**	**90 644**	**274 392**	**83 300**	**0**	**0**

Note M3 Remuneration to auditors

SEK K	2021/2022*	2020/2021*
Crowe Osborne AB		
Audit engagement	180	180
Other services	40	161
Total	**220**	**341**

*Crowe Osborne AB

Audit engagement refers to the statutory audit of the annual and consolidated financial statements and accounts, the board's and CEO's administration as well as auditing and other reviews carried out in accordance with an agreement or contract. Other services refer to auditing services in addition to the audit engagement, tax advice and other consultancy services.

Note M4 Leasing agreements

Leasing of premises

The Group leases premises for offices. Leasing agreements usually have a duration of three years. Property tax charged by the property owner constitutes a variable fee. There are future obligations concerning variable leasing fees, which follow the leasing agreements' leasing period.

Leasing of vehicles and other leasing agreements

The Group leases vehicles with leasing periods of three years in most cases. In addition, there are other leasing agreements such as for printers with leasing periods of one year.

Responsibilities concerning current leasing agreements

SEK K	2021/2022	2020/2021
Due for payment within one year	1 154	1 107
Due for payment within two to five years	2 584	3 651
Total responsibilities	**3 738**	**4 758**

Note M5 Grants received

SEK K	2021/2022	2020/2021
Contributor		
Compensation for sick pay costs	25	0
Allowance for research & development	427	43
Total	**452**	**43**

Note M6 Employees, personnel costs and fees to board members

	2021/2022	of whom men	2020/2021	of whom men
Employees				
Average number of employees	13	4	10	4
Board	6	5	6	5

Personnel costs and fees to board members

SEK K	2021/2022			2020/2021		
	Salaries and remuneration	Social security contributions	Of which pension costs	Salaries and remuneration	Social security contributions	Of which pension costs
Board & CEO	2 151	671	209	2 270	713	0
Other employees	11 311	3 059	1 389	9 116	2 849	1 536
Total salaries and remuneration	**13 462**	**3 730**	**1 598**	**11 386**	**3 562**	**1 536**

Fees have been paid in the amount of SEK 250 thousand to the Chairman of the Board in 2021/2022, previous year SEK 250 thousand. Fees have been paid in the amount of SEK 100 thousand per member to the other members of the Board, totalling SEK 650 thousand, previous year SEK 650 thousand. Fees have been paid to CEO Christer Fåhraeus in the amount of SEK 1 501 thousand in 2021/2022, previous year SEK 1 120 thousand. Christer Fåhraeus has been employed by the Company since 1 December 2020.

Note M7 Other operating income SEK K	2021/2022	2020/2021
Other operating income		
Sick pay compensation	25	0
Insurance compensation	0	68
Rental income	279	261
Other items	90	185
Total other operating income	**395**	**514**

Note M8 Financial income and expense SEK K	2021/2022	2020/2021
Interest income	0	0
Interest expense	-2 779	-1 004
	-2 779	**-1 004**
Total net financial income/expense	**-2 779**	**-1 004**

All interest income and interest expense refer to items that are not measured at fair value via the profit or loss. Interest expense includes already paid interest expense, which is allocated over the duration of the loan.

Note M9 Appropriations SEK K	2021/2022	2020/2021
Group contribution received	320	-
Group contribution paid	-	-
Depreciation in excess of plan	-20 000	-
Total	**-19 680**	**0**

Note M10 Taxes SEK K	2021/2022	2020/2021
Tax on profit for the year	-	-
Deferred tax	-	295
Reported tax in the income statement	**0**	**295**
Profit before tax	16 005	9 949
Tax according to the current tax rate	-3 297	-2 129
Effect of non-deductible costs/non-taxable income	-27	-7
Tax reassessment, unutilised deficit deduction	-	-
Utilisation of deficit deduction not previously recognised as an asset	3 324	2 136
Reported tax in the income statement	**0**	**0**

Note M11 Capitalised expenditure SEK K	2021/2022	2020/2021
Opening accumulated cost	10 196	8 535
Investments for the year	5 905	3 097
Write-down for the year	-	-1 434
Sales/disposals for the year	-	-3
Closing accumulated cost	**16 101**	**10 196**
Opening accumulated depreciation	-3 494	-2 233
Depreciation for the year	-777	-1 261
Sales/disposals for the year	-	-
Closing accumulated depreciation	**-4 271**	**-3 494**
Closing carrying amount	**11 830**	**6 702**

Write-down testing
Capitalised expenditure is depreciated over 5 years from the launch of the product to which the capitalised expenditure is linked. In cases where it emerges that the potential of the product is fulfilled before 5 years have elapsed since the launch, the remaining value is written off immediately. Intangible assets that are not yet ready for use are tested annually regarding any write-down requirement or when there is an indication of depreciation. Intangible assets that are in use are tested for any write-down requirement when there is an indication of depreciation.

Note M12 Licensed and development products SEK K	2021/2022	2020/2021
Opening accumulated cost	106 829	64 298
Investments for the year	15 557	52 063
Write-down for the year	-6 729	-9 532
Sales/disposals for the year	-	-
Closing accumulated cost	**115 657**	**106 829**
Opening accumulated depreciation	-13 481	-8 743
Depreciation for the year	-4 048	-4 738
Sales/disposals for the year	-	-
Closing accumulated depreciation	**-17 529**	**-13 481**
Closing carrying amount	**98 128**	**93 348**

Write-down testing
Licensed products are depreciated over 5 years from launch. In cases where it emerges that the potential of the product is fulfilled before 5 years have elapsed since the launch, the remaining value is written off immediately. Development products are depreciated over 10 years from launch. In cases where it emerges that the potential for the product is fulfilled before 10 years have elapsed since the launch, the remaining value is written off immediately. Intangible assets with indeterminable useful life and intangible assets that are not yet ready for use are tested annually regarding any write-down requirement or when there is an indication of depreciation. Intangible assets that are in use are tested for any write-down requirement when there is an indication of depreciation.

Note M13 Tangible fixed assets SEK K	2021/2022 Machines and inventories	2020/2021 Machines and inventories
Opening accumulated cost	857	857
Investments for the year		0
Closing accumulated cost	**857**	**857**
Opening accumulated depreciation	-643	-490
Depreciation for the year	-138	-153
Closing accumulated depreciation	**-781**	**-643**
Closing planned residual value	**76**	**214**
Of which right-of-use assets	**-**	**-**

Note M14 Participations in group companies SEK K	Corporate identity number	Registered office	Number/ Cap. share %	2021/2022 Carrying amount	2020/2021 Carrying amount
Company					
EQL Pharma Oy	2136140-3	Helsinki	100	40	40
EQL Pharma Int AB	556957-9484	Lund	100	350	350
				390	**390**

Note M15 Inventories SEK K	2021/2022	2020/2021
Goods for resale	63 116	41 884
Goods in transit	0	2 409
Obsolescence reserve	-22 878	-3 522
Closing cost	**40 238**	**40 771**

Note M16 Trade receivables SEK K	2021/2022	2020/2021
Trade receivables	33 742	21 322
Reserve for uncertain trade receivables	0	0
Total	**33 742**	**21 322**

Past due	2022-03-31	2021-03-31
Not yet due	27 154	21 240
1-30 days	5 432	8
31-60 days	469	65
61-90 days	688	9
More than 90 days	0	0
General reserve	0	0
Total	**33 742**	**21 322**

Trade receivables are monitored continuously and despite a number of due trade receivables there is no assessment of the risk of credit losses or uncertain trade receivables.

Note M17 Other current receivables SEK K	2021/2022	2020/2021
Advance payments to suppliers	3 453	2 158
Tax assets	-	-
Other current receivables	51	1 607
Closing cost	**3 504**	**3 765**

Note M18 Prepaid expenses and accrued income SEK K	2021/2022	2020/2021
Insurance premiums	23	23
Premises rental and property-related costs	296	296
Leasing costs	77	116
Accrued contracted income	0	256
Other items	2 445	2 591
Total	**2 841**	**3 282**

Note M19 Liquid funds	2021/2022		2020/2021	
	Thousands, foreign currency	SEK K	Thousands, foreign currency	SEK K
EUR	131	1 354	461	4 717
GBP	1	14	6	77
NOK	3 659	3 932	1	1
SEK	27 117	27 117	17 854	17 854
USD	54	498	219	1 908
DKK	5 420	7 533	481	663
Total		**40 448**		**25 220**

Note M20 Shares and other contributed capital SEK K	Number of shares	Share capital
As at 1 April 2020	29 063 610	1 308
As at 31 March 2021	29 063 610	1 308
As at 31 March 2022	29 063 610	1 308

No dividend was distributed in 2020/2021 and 2021/2022.
No changes have occurred in 2020/2021 and 2021/2022.

Share capital
All shares are of the same type, are fully paid and provide eligibility for one vote. No shares are reserved for transfer according to share option agreements or other agreements. The quota value is SEK 0.045 per share.

Share warrants

Number	Subscription period	Subscription price	Potential share capital increase
400 000	2025-09-01 – 2025-09-30	67.50	18 000
142 000	2025-09-01 – 2025-09-30	72.05	6 390
542 000			**24 390**

Note M21 Interest-bearing liabilities SEK K	2021/2022	2020/2021
Long-term liabilities to credit institutions	7 200	12 600
Current liabilities to credit institutions	5 400	5 400
Total	**12 600**	**18 000**

	Amount and duration	
	0–1 years	1–5 years
Lender		
Skandinaviska Enskilda banken. Terms: Stibor +3.5	4 500	4 500
Almi. Terms: Stibor +3.5	900	2 700

The parent company has no interest-bearing liabilities with a duration of more than 5 years.

Note M22 Pledged invoices/Pledged inventory SEK K	2021/2022	2020/2021
Granted pledged invoice credit amounts to:	20 000	20 000
Granted pledged inventory credit amounts to:	60 000	60 000
Total credit	**80 000**	**80 000**
Utilised credit	**59 316**	**64 412**

Note M23 Other current liabilities SEK K	2021/2022	2020/2021
Advances from customers	-	-
VAT liability	1 086	1 218
Other current liabilities	1 631	2 547
Total	**2 717**	**3 765**

Note M24 Accrued expenses and deferred income SEK K	2021/2022	2020/2021
Personnel-related costs	3 466	2 864
Sub-consultants	537	23
Auditing costs	180	180
Distribution costs	135	56
Guarantee reserve	89	89
Other accrued expenses	10 835	42
Total	**15 242**	**3 254**

Note M25 Liabilities for which security is provided SEK K	2021/2022	2020/2021
Pledged invoices	-	4 330
Pledged inventory	59 316	60 082
Liabilities to credit institutions	12 600	18 000
Pledged assets		
For own liabilities		
Pledged trade receivables	33 678	16 426
Inventories	40 238	40 771
Chattel mortgages	4 600	4 600

Note M26 Cash flow analysis SEK K	2021/2022	2020/2021
Interest received	-	-
Interest paid	2 779	1 104
Total	**2 779**	**1 104**

Note M27 Currency exchange rates used in the financial statements	Average rate		Accounting year-end rate	
	2021/2022	2020/2021	2022-03-31	2021-03-31
Currency code				
DKK	1.376	1.39	1.39	1.377
EUR	10.2354	10.487	10.2362	10.038
GBP	12.0349	11.798	12.0263	11.087
NOK	1.0153	0.979	1.0178	0.955
USD	8.8114	9.204	8.8256	8.189

The table shows the currency exchange rates used in the translation of financial statements for the foreign subsidiaries that draw up statements in a currency other than the currency in which the Group's financial statements are presented (SEK). The currency exchange rates have been obtained from Sweden's central bank, Riksbanken.

Note M28 Proposal for appropriation of earnings	
At the disposal of the AGM are the following earnings:	
Retained earnings	79 106 509
Profit for the year	16 004 985
Total, SEK	**95 111 494**

The board proposes that the above amount is appropriated as follows:
The board proposes that no dividend is distributed for the financial year 1 April 2021 – 31 March 2022 and that the profit for the year, SEK 16 004 985, is carried forward.

Signatures

The consolidated financial statements and annual accounts have been drawn up in accordance with the IFRS international accounting standards, such as have been enacted by the EU, and with good accounting practice and provide a true and fair picture of the Group's and parent company's position and earnings. The directors' report for the Group and parent company provide a true and fair overview of the Group's and parent company's business, position and earnings and also describe significant risks and uncertainty factors faced by the parent company and the companies that are part of the Group. The annual accounts and consolidated financial statements have, as stated above, been approved for publication by the board on 21 July 2022. The Group's statement of comprehensive income and statement of financial position and the parent company's income statement and balance sheet will be subject to approval at the AGM on 17 August 2022.

Lund, 21 July 2022

Christer Fåhraeus
Chief Executive Officer

Per Ollermark

Rajiv I Modi

Linda Neckmar

Per Svangren

Anders Månsson

Our auditor's report was presented on 22 July 2022

Olov Strömberg
Authorised Public Accountant,
Crowe Osborne AB

Auditor's report

To the Annual General Meeting of the shareholders of EQL Pharma AB Corporate ID no. 556713-3425

Report on the annual accounts and consolidated accounts

Opinions

We have audited the annual accounts and consolidated accounts of EQL Pharma AB for the financial year 1 April 2021 – 31 March 2022.

The company's annual accounts and consolidated accounts are included in the printed version of this document on pages 24 – 67.

In our opinion, the annual and consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company and Group on 31 March 2022 and of their financial earnings and cash flow for the year then ended in accordance with the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopt the income statement and balance sheet for the parent company and the Group.

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing (ISA) and good auditing practice in Sweden. Our responsibility according to these standards is described in more detail under the section 'Auditor's responsibility'. We are independent of the parent company and the Group, in accordance with the code of professional ethics for accountants in Sweden, and have fulfilled our ethical responsibilities in other respects according to these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Information other than the annual accounts and consolidated accounts

The Board of Directors and CEO are responsible for the other information, which is contained in pages one to ten (but does not include the annual accounts, consolidated accounts and our auditor's report regarding these).

Our opinion regarding the annual accounts and consolidated accounts does not cover this information and we express no opinion with recommendation regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts it is our responsibility to read the information that is identified above and consider whether the information to a substantial extent is at variance with the annual accounts and consolidated accounts. In this review we also consider the knowledge that we have otherwise obtained during the audit and assess in other respects whether the information seems to contain material misstatements.

If, based on the work that has been carried out concerning this information, we come to the conclusion that the other information contains a material misstatement, we have an obligation to report it. We have nothing to report in this regard.

Responsibilities of the Board of Directors and CEO

The Board of Directors and CEO are responsible for ensuring that the annual accounts and consolidated accounts are prepared and that they provide a true and fair view in accordance with the Annual Accounts Act. The Board of Directors and the CEO are also responsible for such internal control as they deem necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

When preparing the annual accounts and consolidated accounts, the Board of Directors and CEO are responsible for analysing the company and Group's ability to continue operating. Where applicable, they provide notification of circumstances that could affect the ability to continue operations and to use the going concern assumption. The going concern assumption does not apply, however, if the Board of Directors and the CEO intend to liquidate the company, discontinue operations or do not have any realistic alternative to taking either of these options.

Auditor's responsibility

Our objectives are to achieve a reasonable level of assurance as to whether the annual accounts and the consolidated accounts as a whole do not contain any material misstatements, whether due to fraud or error, and to submit an auditor's report that contains our opinions. Reasonable assurance is a high level of assurance, but is no guarantee that an audit carried out in accordance with ISA and good auditing practice in Sweden will always detect a material misstatement if it exists. Misstatements may occur because of fraud or error and are deemed material if individually or together they could be expected to affect the financial decisions that users take based on the annual accounts and the consolidated accounts.

Auditor's report (cont.)

As part of an audit in accordance with ISA, we use our professional judgement and have adopted professional scepticism throughout the audit. In addition:

» we identify and assess risks of material misstatement in the annual accounts and consolidated accounts, whether due to fraud or error, we design and implement auditing procedures based in part on such risks and obtain audit evidence that is sufficient and appropriate to provide the basis for our opinions. The risk of not detecting a material misstatement as a result of fraud is greater than for a material misstatement due to error, as fraud may comprise actions involving collusion, falsification, intentional omission, incorrect information or disregard of internal control.

» we obtain an understanding of the part of the company's internal control that is of significance for our audit in order to develop auditing measures that are appropriate in view of the circumstances, but not in order to give an opinion on the effectiveness of such internal control.

» we evaluate the suitability of the accounting policies used and the reasonableness of the Board of Directors and CEO's estimates in the accounts and associated information.

» we draw a conclusion about the suitability of the Board of Directors and the CEO using the assumption of continued operations in preparing the annual accounts and the consolidated accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether there is any uncertainty relating to such events or circumstances that could lead to significant doubt over the company and Group's ability to continue operating. If we conclude that there is material uncertainty, our auditor's report must draw attention to the relevant information in the annual accounts and consolidated accounts about the material uncertainty or, if such information is insufficient, modify our opinion about the annual accounts and the consolidated accounts. Our conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or circumstances may result in a company and a group no longer being able to continue operating.

» we evaluate the overall presentation, structure and content of the annual accounts and consolidated accounts, including the disclosures, and whether the annual accounts and the consolidated accounts reflect the underlying transactions and events in a manner that provides a fair view.

» we obtain sufficient and appropriate audit evidence regarding the financial information for the units or business activities within the Group in order to give an opinion on the consolidated accounts. We are responsible for the management, monitoring and implementation of the consolidated accounts. We are solely responsible for our opinions.

We must inform the Board of Directors about aspects such as the planned extent and focus of the audit and its date. We must also provide notification about significant observations during the audit, including significant deficiencies in internal control that we have identified.

Auditor's report (cont.)

Report on other legal and regulatory requirements

Opinions
In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the CEO of EQL Pharma AB for the financial year 1 April 2021 – 31 March 2022 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the CEO be discharged from liability for the financial year.

Basis of opinion
We conducted our audit in accordance with good auditing practice in Sweden. Our responsibility according to these standards is described in more detail under the section 'Auditor's responsibility'. We are independent of the parent company and the Group, in accordance with the code of professional ethics for accountants in Sweden, and have fulfilled our ethical responsibilities in other respects according to these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Responsibilities of the Board of Directors and CEO
The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. Any proposed dividend contains, among other things, an assessment of whether the dividend is justifiable with regard to the requirements that the company and Group's type of business, size and risks place on the size of the parent company and Group's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organisation and administration of the company's affairs. This includes continually assessing the company and Group's financial situation and ensuring that the company's organisation is structured so that its accounting records, management of funds and the company's financial affairs in other respects are subject to satisfactory checks. The CEO must conduct ongoing administration in accordance with the Board of Directors' guidelines and instructions and, for example, take the action necessary to ensure that the company's accounting records are implemented in compliance with the law and that management of funds is carried out satisfactorily.

Auditor's responsibility
Our objective for the audit of administration, and therefore our statement on discharge from liability, is to obtain audit evidence to have a reasonable level of assurance to be able to assess whether any Board member or the CEO in any significant respect:

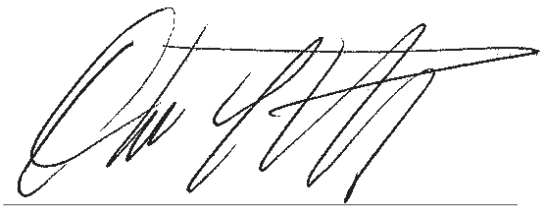
- has taken any action or is guilty of any negligence that could lead to a liability to the company, or
- has in some way acted in breach of the Swedish Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective for the audit of the proposed appropriation of the company's profit or loss, and therefore our statement about this, is to have a reasonable level of assurance to assess whether the proposal is consistent with the Swedish Companies Act.

Reasonable assurance is a high level of assurance, but is no guarantee that an audit carried out in accordance with good auditing practice in Sweden will always detect dealings or negligence that could lead to a liability to the company, or that proposed appropriations of the company's profit or loss are not consistent with the Swedish Companies Act.

As part of an audit in accordance with good auditing practice in Sweden, we use our professional judgement and have adopted professional scepticism throughout the audit. The audit of administration and the proposed appropriations of the company's profit or loss are mainly based on the audit of the financial statements. Additional auditing procedures are carried out according to our professional judgement based on risk and materiality. This means we focus the audit on such measures, areas and circumstances that are of significance to the business and in relation to which deviations and breaches would be of particular significance to the company's situation. We review decisions taken, documentation for decision-making, action taken and other circumstances that are relevant to our statement on discharge from liability. As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss, we have examined whether the proposal is in accordance with the Companies Act.

Lund, 22 July 2022
Crowe Osborne AB



Olov Strömberg
Authorised Public Accountant

Financial key figure definitions

Key figure	Definition/calculation	Purpose
Gross margin	Net sales minus costs for sold goods as a percentage of net sales	The gross margin is used to measure production profitability
Operating margin	Operating profit/loss (EBIT) after depreciation and write-downs as a percentage of net sales	The operating margin is used to measure operating profitability
EBITDA	Operating profit/loss (EBIT) before depreciation and write-downs	EBITDA together with EBITA provide an overall picture of profit generated by operating activities
Equity/assets ratio	Equity including minority as a percentage of the balance sheet total	The equity/assets ratio shows the extent of assets financed by equity
Debt/equity ratio	Interest-bearing liabilities divided by equity	The key figure shows how large the company's debts are in relation to equity and in this way states the company's financial strength
Current ratio	Current assets divided by the total of current liabilities excluding deferred tax	The current ratio is used to measure preparedness to pay
Return on capital employed	Operating profit/loss plus financial income as a percentage of average capital employed including minority share in equity	The key figure shows the company's earning capacity independent of financing, i.e. how the company achieved a return on the capital that shareholders and lenders have together put at the company's disposal
Average capital employed	The sum of assets less non-interest bearing provisions and liabilities, based on the amount at the start of the year and year-end	The key figure is used in other calculations
Return on equity	Profit or loss for the year after tax attributable to the parent company's shareholders divided by average equity. Equity does not include non-minority shares in subsidiaries	The key figure shows the return the owners receive on invested capital
Average equity	Calculated as an average of brought forward and carried forward balances	The key figure is used in other calculations
Average number of employees	Total number of employees per month divided by the number of months in the period	The key figure is used in other calculations
Turnover per employee	Turnover divided by the average number of employees	The key figure is used to assess a company's efficiency
Earnings per share, SEK	Earnings for the period attributable to the parent company's shareholders divided by the average number of shares	Earnings per share is used to determine the value of the company's outstanding shares
Equity per share, SEK	Equity attributable to the parent company's shareholders divided by the average number of shares	The key figure is used to calculate equity per share
Average number of shares	Weighted average of the number of shares at the end of every month	The key figure is used in other calculations
Net debt	Booked interest-bearing liabilities minus liquid funds	The key figure is used to follow the company's debt
Net debt/EBITDA	Net debt at the end of the period divided by EBITDA, adjusted for rolling 12 months	The key figure provides an estimate of the company's ability to reduce its debt. It represents the number of years it would take to pay back the debt if the net debt and EBITDA are constant, without taking into account cash flows regarding interest, tax and investments

The Annual General Meeting and calendar

According to the Companies Act, the Annual General Meeting is the Company's highest decision-making body. At the Annual General Meeting, the shareholders exercise their voting rights on key issues such as adoption of the income statement and balance sheet, appropriation of the Company's earnings, granting of discharge from liability to the members of the board and CEO, election of board members and auditors, and remuneration to the board and auditors.

The Annual General Meeting must be held within six months of the end of the financial year. In addition to the Annual General Meeting, the shareholders may be called to an extraordinary general meeting. According to the articles of association, the notice to convene the Annual General Meeting is through an announcement in Post- och Inrikes Tidningar and through the notice being made accessible on the Company's website www.eqlpharma.com. The notice has also been announced at the same time in Svenska Dagbladet. If publication of Svenska Dagbladet were to cease, the announcement would instead be made through Dagens Industri.

The right to participate in the Annual General Meeting

The right to participate in the Annual General Meeting is held by those shareholders registered as a shareholder in the share register maintained by Euroclear Sweden as stipulated in chapter 7, section 28, paragraph 3 of the Companies Act (i.e. the share register applies to conditions six bank days before the Annual General Meeting and takes into account voting rights registrations of nominee-registered shares that have been made at the latest four bank days before the Annual General Meeting) and who have notified the Company of their intention to participate at the latest on the day stated in the notice to convene the Annual General Meeting. This day is not to be a Sunday, public holiday, Saturday, Midsummer Eve, Christmas Eve or New Year's Eve and is not to fall earlier than the fifth weekday before the Annual General Meeting.

In addition to informing the Company of their intention to participate in the Annual General Meeting, shareholders whose shares are registered with nominees must, through a bank or other nominee, request that these shares are temporarily registered in their own name in the share register maintained by Euroclear Sweden in order to have the right to participate in the Annual General Meeting.

If a shareholder intends to be represented by a proxy, the number of proxies is to be stated in the notification. Shareholders are entitled to vote in relation to all the shares that they hold.

Initiatives by shareholders

Shareholders who wish to have a matter addressed by the Annual General Meeting must submit a request in writing to the board. The request is normally to be received by the board at the latest seven weeks before the Annual General Meeting.

Nominating committee

At the Annual General Meeting held on 17 August 2021, it was decided that the chairman of the board, immediately after the registered ownership of the Company on 31 December 2021 is known, is to contact the three largest registered owners in terms of votes according to the Company's share register and ask them to each appoint a member of the nominating committee. If these shareholders do not wish to appoint a member, a request is then made to the next-largest registered owners in terms of votes until three owner representatives have been appointed. The members appointed in this way are to comprise the nominating committee.

The chairman of the board is to convene the nominating committee, but not be included as a member. However, the nominating committee may choose to co-opt the chairman of the board for part of the nominating committee's work. The nominating committee then appoints a chairman from among its members. The names of the nominating committee members are to be published by the Company at the latest six months before the 2022 Annual General Meeting.

If a shareholder that appointed a member of the nominating committee should have a lower placing on the list of the largest shareholders in the Company in terms of votes before the nominating committee's duties have been completed, the member appointed by the shareholder, unless the Nominating Committee decides otherwise, is to be replaced by a new member appointed by the shareholder who at that juncture is the largest registered shareholder in terms of votes that is not already represented in the nominating committee. Should one of the members of the nominating committee resign for some reason before the nominating committee duties have been completed

or cease to represent the shareholder who appointed the member, such a member, if the shareholder who appointed the member so requests, is to be replaced by a member appointed by the shareholder.

The term for a nominating committee appointed in this way is to run until a new nominating committee has taken up the duties. No remuneration is paid for the members' work in the nominating committee. If required, the Company is to cover reasonable costs that the nominating committee deems necessary for the nominating committee to fulfil its assignment. The nominating committee may also co-opt members to the nominating committee if this is considered appropriate. Co-opted members do not have a right to vote in the nominating committee.

The nominating committee's duties consist of preparing and putting forward proposals for shareholders at the Annual General Meeting regarding the chairman of the meeting, the number of board members, the election of board members and chairman of the board, election of auditor, board and auditor fees, any changes in the instructions for the nominating committee as well as other issues that may arise in the committee's work.

The composition of the nominating committee for the 2022 Annual General Meeting is announced on EQL Pharma's website. At the end of December 2021, the three largest shareholders were Cadila Pharmaceuticals Ltd, Fårö Capital AB and Emanuel Eriksson. All have agreed to participate in the nominating committee's work. Thus, the nominating committee for the 2022 Annual General Meeting comprises Christer Fåhraeus (Fårö Capital AB), Rajiv I Modi (Cadila Pharmaceuticals Ltd.) and Emanuel Eriksson.

Annual General Meeting

The Annual General Meeting of EQL Pharma (publ) will be held on Wednesday 17 August 2022 at 16.00 at EQL Pharma AB's premises at Stortorget 1 in Lund. The notice to convene the AGM is available on EQL Pharma's website www.eqlpharma.com.

Right to participate and registration

Shareholders who wish to participate in the Annual General Meeting must be registered as a shareholder in the share register maintained by Euroclear Sweden AB on 11 August 2022, and notify the Company by 11 August 2022, preferably before 16.00, of their intention to attend the Annual General Meeting. Notification of AGM attendance shall be submitted in writing, stating the shareholder's name, personal ID or corporate ID number, address, email and telephone number, as well as the number of shares owned, to EQL Pharma AB for the attention of: Anna Jönsson, Stortorget 1, 222 23 LUND or via email to anna.jonsson@eqlpharma.com.

Share registration

Shareholders of holdings in custody through a nominee must temporarily register the shares in their own names with Euroclear Sweden AB to be entitled to participate in the meeting. Such registration must be completed no later than 11 August 2022 and should be requested of the nominee well in advance of this date.

Other information

Upcoming reporting dates
Interim report April–June (Q1)
16 August 2022

Interim report April–September (Q2
11 November 2022

Interim report October–December (Q3)
14 February 2023

Year-end report (Q4)
11 May 2023

Financial reports, press releases and other information are available on EQL Pharma's website, www.eqlpharma.com, from the date of publication. You can subscribe to and download EQL Pharma's financial reports and press releases from the company's website, or via Spotlight Stock Market's website.

For environmental and cost reasons, EQL Pharma has decided to primarily distribute its annual report via the company's website. It will still be possible for those shareholders and stakeholders who request it to order a copy of the printed version of the annual report from the company to be sent by post. For further information, please contact Christer Fåhraeus, Chief Executive Officer, tel +46 (0)705 60 90 00 or email: info@eqlpharma.com.

EQL PHARMA

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